

# STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS FOR 2009

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## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED TENTH CONGRESS SECOND SESSION

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### SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS

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ANDER CRENSHAW, Florida  
DAVE WELDON, Florida

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking  
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

NISHA DESAI, CRAIG HIGGINS, STEVE MARCHESE, MICHELE SUMILAS, and CLELIA ALVARADO,  
*Staff Assistants*

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### PART 4 STATEMENTS OF OUTSIDE WITNESSES



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Printed for the use of the Committee on Appropriations

**PART 4—STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS FOR 2009**

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**House Committee on Appropriations  
Subcommittee on State, Foreign Operations, and Related Programs  
Submitted by Elizabeth Chazottes  
Chair, Alliance for International Educational and Cultural Exchange and  
Executive Director, Association for International Practical Training (AIPT)  
Concerning State Department Exchanges  
March 18, 2008**

As Chair of the Board of the Alliance for International Educational and Cultural Exchange, I appreciate the opportunity to submit testimony in strong support of the budget request of \$522.444 million for the educational and cultural exchange programs administered by the Department of State's Bureau of Educational and Cultural Affairs (ECA) in FY 2009. If additional funds are available, the Alliance urges an increase to \$600 million in order to deepen the public diplomacy impact of existing activities and to develop new and innovative programs. The Alliance also strongly supports the President's request for consular resources.

The Alliance comprises 77 nongovernmental organizations, with nearly 8000 staff and 1.25 million volunteers throughout the United States. Through its members, the Alliance supports the international interests of 3300 American institutions of higher education. The Alliance is the leading policy voice of the U.S. exchange community. We look forward to continuing our productive working relationship with the Subcommittee, and appreciate the opportunity to offer this testimony.

U.S. ambassadors consistently rank exchange programs among the most useful catalysts for long-term political change and mutual understanding, and as our experiences since September 11, 2001, demonstrate clearly, we need public diplomacy and exchanges more now than ever. Poll after poll continues to indicate rising anti-Americanism, even in nations we count among our closest allies. We must work to build trust and understanding for our people and our policy goals not just in the Muslim world – an effort of critical importance – but around the globe. To defeat terrorism and address other priority global issues, we will need the help of our friends and allies in every region of the world.

**The Alliance therefore urges the Subcommittee to fund the Department of State's exchange budget at \$522.444 million in FY 2009. If additional funds are available, we urge you to increase the allocation to \$600 million in order to deepen the public diplomacy impact of existing programs while continuing to develop new and innovative programs.** A \$600 million level of spending will allow robust funding for targeted, meaningful growth in every region of the world for the State Department's existing exchange programs, provide additional resources for Islamic exchange, sustain funding for Eurasia, Central Asia and Eastern Europe, fund the Administration's request for the Partnership for Latin American Youth, and encourage the development of new and innovative programs worldwide.

**Core exchange programs**

The following data define the context for increased exchange program funding:

- **A June 2007 Pew poll shows that since 2002, the image of the United States has declined in most parts of the world. Favorable ratings of America are lower in 26 of the 33 countries for which trends are available. (\*Pew Global Attitudes survey, "Global Unease with Major World Powers and Leaders", June 27, 2007)**

- A Congressional Research Service review of 29 reports on public diplomacy revealed that the most common recommendation was to increase exchange funding.
- State Department evaluations repeatedly show that foreign exchange participants complete their programs in the U.S. with enhanced positive impressions of the U.S., its people, and its values.

An increase in funding for FY2009, particularly if the Subcommittee is able to increase the budget beyond the President's request, will allow for meaningful growth in the State Department's time-tested exchange programs that remain at the core of our efforts to build mutual understanding and respect between the U.S. and critical nations around the world. These well-established programs – Fulbright, Muskie, and other academic programs, the International Visitor Leadership Program, and citizen exchanges – continue to demonstrate their relevance and effectiveness in a rapidly evolving world.

*The Fulbright Program* has unique value in deepening mutual understanding between the U.S. and 150 countries. *Visiting Fulbright students* report the program's deep impact: 99% say the program increased their knowledge and understanding of the U.S. and its culture; 96% shared their Fulbright experiences in their home country through media or community activities; 89% report that their Fulbright experiences allowed them to assume leadership roles after their programs. *U.S. Fulbright students* strongly agree (97%) that the program strengthens bilateral relationships, and deepened their understanding of their host country (100%). By several indices, American Fulbright students say the program enhanced their leadership skills. Upon returning, *U.S. Fulbright scholars* make their campuses and communities more international: 73% have incorporated aspects of their Fulbright experience into courses and teaching methods. *Visiting Fulbright scholars* are also likely to incorporate their experiences in America into their professional lives at home: nearly two-thirds of those surveyed said that they "broadened the international aspects of their teaching and research in general" and "became ...a resource for their colleagues with regard to knowledge and skills learned."

Approximately 286,500 U.S. and foreign nationals have participated in the *Fulbright Program* since its inception over 50 years ago. The Fulbright Program awards approximately 8,000 new grants annually. In 2007, nearly 7,000 U.S. students and young professionals applied for 1500 available Fulbright grants. One hundred and fifty U.S. students will receive on-the-ground training in critical languages in advance of their research grants. Of over 2000 incoming foreign students from 135 countries, 400 are teaching their native languages at U.S. colleges and universities. Other recent program changes include: the cutting-edge research conducted by New Century Scholars, which provides deep focus on a single global problem by leading scholars from around the world; global expansion of the Fulbright Language Teaching Assistants for U.S. Students; initiatives focusing on science and technology, including awards for foreign students to obtain PhDs in the full range of science fields and a "Lab to Market" seminar in the Silicon Valley for students from developing countries; and enrichment programs exposing students from abroad to local communities throughout the United States.

Other valuable academic exchange programs include the *Edmund S. Muskie Graduate Program* which confers fellowships across a wide range of sectors to graduate students and professionals in Eurasia; the *Humphrey Fellowships Program*, which provides powerful academic and professional training experiences for professionals in the developing world; *Overseas Educational Advising*, through which prospective foreign students receive reliable information about American higher education and professional assistance in the application process; the *Gilman International Scholarship Program*, which

enables American students with financial need to study abroad; and *English teaching* and *U.S. Studies programs*, designed to enhance understanding of American society and values.

The *International Visitor Leadership Program (IVLP)* continues to be ranked by many U.S. ambassadors as their most effective program tool. This results-oriented program allows our embassies to address directly their highest priority objectives by bringing emerging foreign leaders to the United States for intensive, short-term visits with their professional counterparts. The program also exposes visitors to American society and values in homes and other informal settings.

Fifty-three current heads of government and chiefs of state are alumni of the *IVLP*, including President Nicolas Sarkozy of France, President Hamid Karzai of Afghanistan, President Felipe de Jesus Calderon Hinojosa of Mexico, Prime Minister Gordon Brown of the United Kingdom, and Prime Minister Ehud Olmert of Israel. Georgian President Mikheil Saakashvili is an alumnus of the *IVLP* and *Muskie programs*, and many of his cabinet members either attended a university in the U.S. or participated in exchange programs. Saakashvili and his colleagues were among the leaders of the peaceful “Rose Revolution” in 2003 and Georgia’s subsequent transition to democracy.

According to State Department evaluations, *IVLP* alumni returned to their home countries with positive feelings about democratic values, overwhelmingly agreeing with the following statements: citizens should have equal rights (99%); rule of law is fundamental to democracy (99%); free and fair elections are cornerstones of democracy (98%); individuals and organizations have the right to free speech (97%); and independent media are important (95%).

*Citizen exchanges* continue to engage American citizens across the U.S. in productive international activities. In addition, these programs leverage their relatively modest federal dollars into significantly more funding through the participation of local communities, schools, businesses, and nongovernmental organizations. Increased funding for citizen exchanges would permit an expansion of these highly cost-effective activities, particularly in the critical area of capacity building in communities across the U.S. Engaging more Americans as ‘citizen diplomats’ can only strengthen public diplomacy.

#### **Regional programs**

The Alliance strongly supports growth in exchanges world-wide. Both public opinion polling and the global nature of most current issues – e.g., terrorism, the environment, public health – demand that we strengthen our public diplomacy in all world regions. In this brief testimony, however, we wish to draw attention to three particularly critical areas.

While the need for exchanges is worldwide, increased engagement with the **Islamic world** is particularly critical as we seek to enhance our national security and build understanding, trust, and a sense of shared interests between the people of the Islamic world and the American people.

The State Department has created a continuum of programs to reach out to Muslim participants, particularly diverse and underrepresented populations. The Department has instituted a very successful program of micro-scholarships to stimulate in-country English study by teenagers. In addition, the *Youth Exchange and Study Program (YES)*, also known as the *Cultural Bridges Program*, brings high school students from the Islamic world to live with American families and attend American schools for an academic year. For the 2007-08 academic year, the program includes over

750 students from 30 countries, the West Bank and Gaza. We urge funding of \$25 million for YES, which would allow the program to reach its long-term goal of 1000 students.

The Department has devised a variety of undergraduate exchanges including summer institutes, community college programs, and semester and year-long programs at four-year institutions, and expanded the *Humphrey* fellowships for the Muslim world. Under the *National Security Language Initiative (NSLI)*, the Department has used summer institutes and existing programs such as *Fulbright* and *Gilman* to increase U.S. capacity in Arabic, Farsi, and Indic languages. The *International Visitor Leadership Program* has targeted 'key influencers' in predominantly Muslim nations, bringing hundreds of clerics, journalists, and women and student leaders to the U.S. for programs emphasizing tolerance, interfaith dialogue, and diversity. These programs have had remarkable and consistent impact, and U.S. embassies would welcome many more if funding were available.

We strongly support the Administration's initiative to focus additional exchanges on **Latin America**. The Bureau of Educational and Cultural Affairs (ECA) continues to apply its continuum approach to Latin America to reach out effectively to non-elite groups in this very important region. Program elements include micro-scholarships for English language study, summer institutes for student leaders, an expanded Youth Ambassadors program, 'supplementary scholarships' covering incidental and travel expenses to allow talented but needy students to accept financial aid offered by U.S. colleges and universities, and scholarships to attend U.S. community colleges.

In addition, the Alliance supports continued funding to sustain engagement with the countries of **Eurasia, Central Asia, and Eastern Europe**. On-going political transition and challenges to democratic change continue in this region, often grabbing international headlines. Over the past few years as the world's focus turned to the Middle East, funding too has shifted, resulting in a diminished focus on activities with countries in this important and potentially volatile region. Exchange programs have provided sustained opportunities to expose future leaders to American civil society and values, and to foster personal and professional relationships between Americans and citizens of the region. As political change continues to occur, the Alliance urges sustained U.S. engagement throughout the region to maintain the ties we have developed and to continue to expose youth and future leaders to U.S. ideals and values.

In addition to increased funding for exchange programs, the Alliance strongly supports the President's request to increase funding for the Department of State, and particularly for consular operations. The State Department has done an excellent job in its management of the visa function despite a greatly increased workload in recent years. Still, the many new requirements mandated by Congress, especially the mandate that nearly all applicants have a personal interview, have meant that waits for visa interviews can be very long in critical countries, and that visas have become a prominent issue in several key bilateral relationships. Bringing qualified people to the U.S. enhances our national security. We encourage Congress to continue to provide the State Department with additional consular resources.

Thank you again for this opportunity to voice the Alliance's support for a robust appropriation for the educational and cultural exchange programs administered by the Department of State's Bureau of Educational and Cultural Affairs in FY 2009 as well as for increased consular resources. We look forward to working with the Subcommittee throughout the year ahead to ensure that the U.S. continues to vigorously support the traditional exchange programs that have proven their success for the past 50 years, while also developing new and innovative programs.


**Association for International Practical Training**

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**Elizabeth G. Chazottes**

Ms. Chazottes, President and CEO of The Association for International Practical Training (AIPT), has led the organization since May, 1996. She has been with AIPT in a variety of leadership positions since 1987. AIPT is a private nonprofit international exchange organization founded in 1950, committed to improving international understanding through on-the-job practical training exchanges and experiences.

AIPT manages work-based exchange programs including programs for international interns and trainee programs for early career individuals. AIPT is also the US member of IAESTE – the International Association for the Exchange of Students for Technical Experience, which organizes exchanges for technical and science university students with some 80+ IAESTE committees around the world. Additionally AIPT administers a career oriented summer work and travel program; and also offers short-term, career-related professional and students programs both to the U.S. and abroad in a multitude of industries and fields. AIPT's programs provide reciprocal opportunities for American students and early career professionals in a wide variety of fields.

With over 35 years of experience in the field of education and training, Ms. Chazottes has specialized in international human resource development and training issues and career counseling. She has 8 years of international HR experience abroad with an emphasis on recruiting and training, as well as expatriate issues.

She serves as Chair of the Alliance for International Educational Exchange, an advocacy and policy coalition group of international educational and cultural exchange organizations, and chairs the J-Visa Task Force. Ms. Chazottes is also active in the American Society of Association Executives International Section, Global Society for Human Resource Management, NAFSA and the National Association for Colleges and Employers.



To: House Appropriations Subcommittee on State, Foreign Operations and Related Programs  
From: The Alliance for International Educational and Cultural Exchange  
Re: Disclosure Information for Federal Funding Received During the Current Fiscal Year or Either of the Two Previous Fiscal Years  
Date: March 18, 2008

Through an agreement with the State Department's Bureau of Educational and Cultural Affairs (ECA), the Alliance for International Educational and Cultural Exchange received two funding allotments for production costs associated with the International Exchange Locator, A Resource Directory for Educational and Cultural Exchange, 2005 edition. The first allocation of \$13,500.30 was received in December 2004, the second and final allocation of \$13,358.04 was received in September 2005. The Alliance has received no funding allocations from the federal government since September 2005.

**Statement of the Honorable Douglas Bereuter  
President  
THE ASIA FOUNDATION  
Submitted to the House Committee on Appropriations  
Subcommittee on State, Foreign Operations and Related Programs  
March 2008**

Madame Chairwoman & Members of the Subcommittee:

The United States and Asia face new challenges and pressing needs, complicated by the war on terrorism, and fragile democracies. To support political stability and economic reform, we must give attention to countries where recent events have exacerbated bilateral relations, specifically in the new democracies of Asia and in countries with predominantly Muslim populations. Potential ties to regional terrorist networks threaten regional stability. Human rights abuses continue with impunity in parts of Asia. Even though women have made gains in many places, they still face economic and political inequities, and in the worst cases, along with children, they are victims of trafficking and abuse. The costs of poverty and poor governance in Asia are high. Our investments in the region must be deep and multifaceted, taking advantage of both government and non-government resources. As literally the only non-governmental American organization that has addressed Asia's needs effectively on-the-ground and contributed to American interests in Asia for over 50 years, the Asia Foundation, under the Department of State, is again requesting \$18 million for FY 2009, as it did last year.

In November 2007, Secretary of Defense Gates stated that the Department of Defense has "taken on many of the burdens that might have been assumed by civilian agencies in the past, but it is no replacement for the real thing—civilian involvement and expertise." Last week, Chairman of the House Committee on Foreign Affairs Rep. Howard Berman noted "we have to deploy American's finest engineers, development experts and diplomats in the campaign for reconstruction and stabilization in vulnerable countries."

Challenges to governance in Thailand, the Philippines, Mongolia, and Indonesia require different approaches than in countries struggling to achieve democracy, peace and stability, such as Afghanistan, Pakistan, Nepal and Timor Leste. The Asia Foundation's programs benefit from its long experience and on-the-ground presence through 17 Asian field offices. Its work with and through literally hundreds of established and emerging Asian partner organizations make it highly knowledgeable, effective, and trusted by Asians. This experience base, coupled with a staff of more than 80% Asian nationals who have a sensitivity and understanding of the local context, makes the Foundation different from nearly all other nongovernmental development organizations. The Foundation does not bring staff for work on a short-term basis and then leave. Its commitment is long term. The Foundation builds and sustains the kinds of institutions and practices that enable Asians to replicate success and be sustainable in the future. In short, The Asia Foundation is the premier development organization focusing on Asia.

Of perhaps particular interest to the Congress today is the fact we have been working effectively with Muslims and Islamic civil and higher education organizations for more than 35 years.

Generations of Asians know us from our education grants and exchange programs and through the more than 40 million English-language books we have provided in more than 20 countries (974,000 last year alone). The result is that Asians respect, trust, and like the Foundation at a time when much of what they hear and think about our country is not very positive. In short, The Asia Foundation has an unmatched credibility. It is an irreplaceable American and international asset.

Although the Foundation has operated continuously since 1954, The Asia Foundation Act of 1983 authorizes an annual appropriation from the Congress. That Act acknowledged the importance of stable funding for the Foundation and endorsed its ongoing value and contributions to U.S. interests in Asia. For most of the decade until 1995, the Foundation's annual appropriation was at least \$15 million. However, in FY96, during the government shutdown year, despite broad bipartisan support commending its work, the Foundation's appropriation was cut by two-thirds, to \$5 million. The Foundation painfully was forced to sharply cut back its programs, but struggled to maintain nearly all of its most important asset, its field operation structure. Since that low point, the Committee, in support of the organization's mission, has gradually restored funding for the Foundation to its current level of \$15.3 million.

The past year has been important for the Asia Foundation. For the first time in a decade, the Foundation reached its FY 1995 funding level and was appropriated \$15.3 million, enabling us to take on new challenges and start new programs. We greatly appreciate the Committee's trust and faith in the Foundation to achieve results and fulfill its mission to advance U.S. interests. It is clear nevertheless that many of the countries where we work in Asia have been under served, and local capacity and experience in democracy and governance is lacking. The Foundation's approach of working with local partners is therefore greatly needed. Past committee report language has commended our grant-making role in Asia, and the Foundation, at the Committee's encouragement, has expanded its programs in predominantly Muslim countries, including Afghanistan, Indonesia, Pakistan, southern Thailand and Mindanao in the southern Philippines.

Public funds are critical to our capacity to do more to advance American interests in Asia. The Foundation has expanded its private funding, but potential private donors need to be assured that the U.S. Government supports the Foundation's efforts, and private funds are always tied to specific projects. Only public funding through this appropriation provides the flexibility that allows the Foundation to maintain its field presence and respond quickly to new developments, as we did in supporting the Emergency Loya Jirga in Afghanistan, where we were the first U.S. non-governmental organization on the ground in spring 2002.

Despite the positive attitude and assessment of the Foundation's programs in the State Department, USAID, and especially among those U.S. ambassadors with deep Asian experience who often turn to our country representatives for information and advice, past and present Administrations consistently have used previous year requests as the baseline for future requests, rather than the Congressional appropriations of the previous year. This has resulted in a low appropriation recommendation in the past and once again for FY2009. The result has been that the Foundation's U.S. funding base has been shrinking in both relative and absolute terms. With unfavorable exchange rates and higher security and operational costs in Asia, and its programs more needed than ever, an increase is critical for us this year. The Foundation has the



experience, expertise, and office/staffing base to do so much more of great value to the United States and Asia, if sufficient funds are available. Other multilateral and bilateral development agencies have increasingly seen the value of the Foundation's assets and expanded cooperation on a wide range of critical democracy and development programs. But these funds continue to be tied to specific projects and do not allow the flexibility to enable us to address urgent needs as they arise. Therefore, we urgently but respectfully ask the Committee to sustain and increase its support for the vital work the Foundation is engaged in on behalf of the U.S. interests in this complex region. The Asia Foundation is requesting a modest increase to \$18 million.

In making this request, we are very aware of the FY 2009 budgetary pressures on the Committee. However, an increase would enable The Asia Foundation to strengthen program investments it has begun in recent years with Congressional encouragement. We have proved that modest increases for the Foundation not only enhance America's engagement and image in the region, it also has a great impact on the lives of the people of Asia, notably in the areas of protecting women and children against trafficking; promoting women's rights; building democracy and critical government capacity in Afghanistan and Timor Leste; increasing tolerance in predominantly Muslim nations like Indonesia, Bangladesh and Pakistan; securing human rights in Cambodia, Sri Lanka, and Nepal; and strengthening good governance and civil society throughout Asia.

#### **THE ASIA FOUNDATION'S MISSION, EXPERTISE, AND APPROACH**

The Asia Foundation is committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. Our core capabilities and primary program concentrations are central to U.S. interests in the region:

- *Democracy, Human Rights and the Rule of Law*: strengthening democratic and civil society institutions; encouraging an active, informed and responsible nongovernmental sector; advancing the rule of law; promoting free and fair elections; and building institutions to uphold and protect human rights;
- *Economic Reform and Development*: reducing barriers at the national and regional level to the formation and productive functioning of small business and entrepreneurship;
- *Women's Political and Economic Empowerment*: encouraging women's participation in public life; protecting women's rights and supporting advocacy training; and prevention of trafficking and domestic violence, including supportive efforts to protect and provide shelter to victims;
- *Peaceful and stable regional relations*: promoting U.S.-Asian and intra-Asian dialogue on security, regional economic cooperation, law and human rights.

While the Foundation undertakes some development work directly with its own staff experts, the Foundation remains faithful to its primary focus on its grant-making role, steadily building institutions and strengthening Asian leadership and institutions for democratic societies. Foundation assistance provides training, technical assistance, and seed funding for new, local organizations, all aimed at promoting reform, building Asian capacity and strengthening U.S.-Asia relations. Today, Foundation grantees can be found in every sector in Asia, leaders of government and industry and at the grassroots level, and in an increasingly diverse civil society.

The Foundation is distinctive in this role, not only providing the technical assistance necessary, but also in providing grants that cover the often neglected nuts and bolts necessities to support that capacity-building effort.

Urgent political and security needs in Asia have increased the need for experienced and credible American actors in the region. In Asia, the Asia Foundation is a well recognized and respected American organization, but its programs are grounded in Asia, helping to solve national and local problems in cooperation with Asian partners.

## **PROGRAMS**

The Asia Foundation makes nearly 800 grants per year. These include such diverse efforts as support for: institutional reform of the Human Rights Court in Indonesia and judicial branch in Timor Leste; the Office of the President and Council of Ministers Secretariat in Afghanistan; conflict and mediation programs in Nepal, China and Sri Lanka; human rights and conflict management in Cambodia, the Philippines and Thailand; educational reform in Muslim schools in Indonesia and Thailand; counter corruption in the Philippines and Mongolia; strengthening civil society and the protection of migrant labor rights in China; improved support among Southeast Asian Muslim organizations on democracy and tolerance; small and medium enterprise policy reform in Vietnam and Bangladesh; anti-trafficking and women's rights in Afghanistan, Pakistan, India, Cambodia and Thailand; and regional dialogues to expand peaceful regional relations. A full listing of programs may be found on our website [www.asiafoundation.org](http://www.asiafoundation.org).

## **CONCLUSION**

The Asia Foundation, with its experienced, highly qualified and committed staff, is first and foremost a field-based, grant-making organization, committed to maximizing program impact in Asia while keeping costs low, despite the growing challenge of providing security to field offices and protecting staff. If the Committee provides additional funding for Foundation programs in this fiscal year, we pledge to use those funds to focus on further expanding our on-the-ground programming to build democratic capacity, strengthen civil society, increase economic opportunity, protect women, and work with moderate Muslim groups as described above. The Foundation budget needs to grow in order to meet the growing challenges to American interests in the Asian region.

The increase in funding to \$18 million that we seek is essential if the Foundation is to build on its increasing level of success in contributing to the development of stable, democratic and peaceful societies in Asia. We respectfully urge that the Committee sustain its support for the Asia Foundation, and thereby demonstrate our strong, shared commitment to addressing the challenges and opportunities in Asia today.

**Honorable Douglas Bereuter:  
Curriculum Vitae**

**President, The Asia Foundation** (September 1, 2004 – current)

**Member of Congress** (January 3, 1979 – August 31, 2004)

**(Past Congressional Assignments Related to International Affairs)**

**House International Relations Committee (1983-2004)**

Vice Chairman (1995-2000)  
Chairman, Asia and the Pacific Subcommittee (1995-2000) (term-limited)  
Chairman, Europe Subcommittee (2003-2004)  
Vice Chairman, Europe Subcommittee (2001-2003)  
Ranking Minority Member, Human Rights, International Operations and  
Environment Subcommittee (1988-1992)  
Ranking Minority Member, International Security and Human Rights  
Subcommittee (1993-1995)  
Member, Subcommittee on Economic Policy & Trade (1983-2000)  
Member, Subcommittee on East Asia and the Pacific (2003-2004)

**House Committee on Financial Services (formerly House Banking Committee)  
(1981-2004)**

Chairman, Domestic and International Monetary Policy and Trade  
Subcommittee (MDB's, IMF & U.S. Export Administration) (2001-  
2002)  
Ranking Minority Member (above subcommittee) (1983-1994)

**Congressional-Executive Commission on China**

Founding Co-Chairman (2001-2002)  
Member (2001-2004)

**House Select Committee on Hunger**

Member (1985-1993 – until Committee dissolved)

**Speaker's Task Force to Monitor and Report on the Transition of Hong Kong**

Chairman and organizer of effort (1996-2002)

**Relevant Memberships**

Council on Foreign Relations, the World Affairs Council of Northern California, the  
Pacific Council on International Policy, and the International Advisory Board of the  
Graduate School of International Relations and Pacific Studies at University of  
California-San Diego

**Previous Public Service**

Nebraska Legislature, Senator (1974-1978)  
Vice Chairman of Appropriations Committee and Rules Committee

U.S. Presidential Commission on Security and Economic Assistance  
(Carlucci Commission), Member (1983-1984)

U.S. Presidential Commission on Agriculture Trade and Export Policy  
Member (1985-1986)

U.S. Delegation to the 42<sup>nd</sup> General Assembly of the United Nations  
Presidential Appointee (1987)

Part-time Associate Professor, University of Nebraska-Lincoln and Kansas State  
University for seven years and one year visiting lecturer at the Harvard University  
Graduate School of Design

State of Nebraska Office of Planning and Programming  
Director (1968-1970)

Nebraska State Government Federal-State Relations  
Coordinator (1967-1970)

Nebraska Department of Economic Development  
Division Director (1967-1968)

U.S. Department of Housing and Urban Development, San Francisco Regional  
Office  
Urban Planner (1965-1966)

U.S. Army  
Infantry and Intelligence Officer (1<sup>st</sup> Infantry Division) (1963-1965)

#### **Education**

Harvard University, John F. Kennedy School of Government  
Master of Public Administration (1973)

Harvard University, Graduate School of Design  
Master of City Planning (1966)

University of Nebraska  
Bachelor of Arts (1961)  
Phi Beta Kappa; Sigma Xi; distinguished military graduate; and  
geography, military, and political science honorary societies

Before being chosen to become the President of The Asia Foundation, Congressman  
Doug Bereuter, a fifth generation Nebraskan, represented the 1<sup>st</sup> Congressional District in  
Nebraska. His wife, Louise, also a native of Nebraska, taught high school art in the public  
schools of Lincoln, Nebraska, and Arlington, Virginia; she has a Bachelor of Arts degree and  
a Master's degree from the University of Nebraska-Lincoln. They have two sons, a daughter-  
in-law, and a grandson. Although they retain their Nebraska home on the Platte River, they  
have resided in the San Francisco Bay area since September of 2004.

**The Asia Foundation****Disclosure of funding source and amount of Federal Awards  
FY 2008**

| <b><u>Program</u></b>  | <b><u>Funding Source</u></b> | <b><u>Amount</u></b> |
|--|------------------------------|----------------------|
| <b>Afghanistan:</b> Ministry of Women's Affairs<br>Initiative to Strengthen Policy and Advocacy (MISPA)      | USAID                        | \$3,940,000          |
| <b>Afghanistan:</b> American University in Afghanistan (AUAF)  | USAID                        | \$7,210,856          |
| <b>Afghanistan:</b> Constitutional Loya Jirga and Election<br>Processes in Afghanistan                       | USAID                        | \$12,000,000         |
| <b>China:</b> Asia Regional Environment Program  | USAID                        | \$ 632,000           |
| <b>Nepal:</b> Strengthening the Rule of Law  | USAID                        | \$1,791,000          |
| <b>Pakistan:</b> Support to the National Elections<br>in Pakistan: Promoting A Transparent Electoral Process | USAID                        | \$ 700,000           |

Statement of the Honorable Alcee L. Hastings, Chairman  
Commission on Security and Cooperation in Europe  
before the  
House Subcommittee on State, Foreign Operations and Related Programs

March 7, 2008

Chairwoman Lowey, Mr. Wolf, Colleagues,

I am pleased to address the Subcommittee today in my capacity as the Chairman of the Commission on Security and Cooperation in Europe following a very busy first year, and anticipating a robust agenda of activities and initiatives for 2008 and beyond. Throughout 2007 I worked closely with Commission Co-Chairman, Senator Benjamin L. Cardin, a long-time member of the Commission, as well as colleagues on both sides of the aisle. In keeping with our mandate by Congress, the Commission is focused on monitoring how the countries of the Organization for Security and Cooperation in Europe, now numbering 56, are or are not living up to an extensive series of common commitments in the fields of military security, economy and the environment, democracy, human rights and the rule of law.

The Commission has the responsibility, the international credibility, and the expertise to make a significant difference on issues that potentially threaten peace, security, and stability in the expansive OSCE region stretching from Vancouver to Vladivostok. Commission engagement at home and abroad offers a unique avenue for promoting U.S. national interests in the security, economic, and human dimensions. The Commission's unique composition allows it to affect both U.S. foreign policy and congressional support for specific policies, while its expert practice of public diplomacy vigorously advances American values, ideals, and principles.

During the 1<sup>st</sup> Session of the 110<sup>th</sup> Congress, I have made it a priority to expand the scope of the Commission's work into areas many of us consider critical to our efforts to advance respect for human rights and fundamental freedoms throughout the OSCE region. First and foremost has been our focus on human rights and counter-terrorism, including scrutiny of U.S. practices and policies regarding detainees. Addressing related concerns is essential if we are to be effective in pressing other governments to adhere to human rights commitments and standards. In this regard, the Commission leadership has endeavored to expand our involvement in the parliamentary dimension of the OSCE, as an integral aspect of the Helsinki Process.

In the area of human rights, my colleagues and I remain committed to advancing initiatives aimed at combating anti-Semitism as well as manifestations of racism and xenophobia throughout the OSCE region. The Commission remains vigilant in monitoring the situation faced by Roma and other ethnic and religious minorities in OSCE countries as well as migrants. In 2007, Commissioner Hilda Solis was appointed by the President of the OSCE Parliamentary Assembly to serve as the Special Representative on Migration. Similarly, we continue to be at the forefront of efforts to combat trafficking in humans. In this regard, I note that our House Ranking Minority Member, Christopher Smith, was appointed as the OSCE Parliamentary Assembly's Special Representative on Human Trafficking Issues. Additionally, the Commission placed an active role in building upon previous work in combating sexual exploitation of children in the OSCE region.

During 2007, the Commission was focused on developments in several areas within the OSCE region, especially Southeastern Europe and the Western Balkans. Engagement with government as well as NGO representatives from throughout Central Asia and The Caucasus was extensive as did attention to developments in Belarus, Russia and Ukraine. Commission staff continued to play an active role in election observation activities undertaken by the OSCE. Finally, the Commission continued to provide important leadership in, and participation at, major OSCE human rights meetings, including the annual Human Dimension Implementation Meeting.

Another area of heightened engagement involves the OSCE Partners for Cooperation and Mediterranean Partners. The OSCE maintains special relations with six Mediterranean Partners for Cooperation: Algeria, Egypt, Israel, Jordan, Morocco and Tunisia. As the Special Representative on Mediterranean Affairs for the OSCE Parliamentary Assembly, I chaired the meeting of the Mediterranean Partner States held in conjunction with the July Annual Session of the OSCE Parliamentary Assembly in Kyiv, Ukraine and its Fall Conference in Portoroz, Slovenia, where the session was focused on Minority Protection and Non-Discrimination in the Mediterranean. The 2007 OSCE Mediterranean Seminar on "Combating Intolerance and Discrimination and Promoting Mutual Respect and Understanding" was the first Mediterranean seminar to be held in Israel. I chaired a seminar during the two-day meeting, focusing on "Countering Discrimination in the OSCE participating States and the Mediterranean Partners for Cooperation."

The Commission focused specific attention on the issue of energy security in the OSCE region with a series of related hearings. The first hearing titled, "Pipeline Politics: Achieving Energy Security in the OSCE Region" examined the geopolitical aspects of energy security with an emphasis on conflict prevention and the security of supply and transit of energy. A second hearing, on "Energy and Democracy: Oil and Water," focused on the development of democracy and civil society in countries with abundant energy resources. We intend to continue this examination of energy security issues in 2008.

In the military security field, the Commission continued to focus on unresolved conflict areas, particularly the instability created in Georgia and Moldova by Russia's lingering military presence in those independent participating States. One of the Commission's top priorities in this area has been identifying new security threats in the 21<sup>st</sup> century.

Colleagues, let there be no mistake, under my leadership the Commission will remain robust in its monitoring of developments throughout the OSCE region, particularly those relating to fundamental freedoms and human rights. At the same time, the reality is that many of today's challenges are multidimensional in nature, involving the security, economic and human dimensions. In this regard, I will continue to look for opportunities to further bolster the Commission's coverage of economic issues and the environment.

This year promises to be extremely busy for the Commission with a plethora of issues from unfolding events in Kosovo and the Balkans to the transfer of power to a new president in the Russian Federation. These and other developments provide new opportunities and challenges for our work at the Helsinki Commission.

While we can take pride in past successes, the reality is that our work is far from finished. At this point I would like to again acknowledge Mr. Wolf for his many years of dedicated service on the Commission and his passionate advocacy of human rights in the OSCE region and beyond.

In closing, Chairwoman, I urge you and the Members of the Subcommittee to support funding at the level of \$2,610,000 contained in the President's FY'09 budget proposal. This level is essential for us to meet the staffing requirements to fulfill the Commission's mandate along the lines I have outlined. Thank you.



**STATEMENT OF CARYL M. STERN, PRESIDENT/CEO**

**UNITED STATES FUND FOR UNICEF**

**SUBMITTED TO THE SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND  
RELATED PROGRAMS**

**COMMITTEE ON APPROPRIATIONS**

**UNITED STATES HOUSE OF REPRESENTATIVES**



Madam Chairwoman and members of the Subcommittee, on behalf of nearly one million American supporters of the United States Fund for UNICEF, I appreciate this opportunity to submit testimony regarding the United Nations Children's Fund (UNICEF). I respectfully ask the Subcommittee to provide at least \$135 million as the U.S. Government's voluntary contribution to UNICEF for Fiscal Year 2009.

Let me first thank this Subcommittee for supporting \$129 million as the U.S. Government's contribution to UNICEF for Fiscal Year 2008. I commend the bipartisan leadership of this Subcommittee for championing programs that help children around the world.

As the children's agency of the United Nations, UNICEF works on the ground in more than 150 developing and transitional countries and territories to help children survive and thrive, from early childhood through adolescence. UNICEF supports child health and nutrition, good water and sanitation, quality basic education for all boys and girls, and protecting children from violence, exploitation, and AIDS. As you know, UNICEF is funded entirely by the voluntary contributions of individuals, businesses, foundations and governments, and receives no funding through assessed contributions to the United Nations.

Madam Chairwoman, UNICEF enjoys incredible support from the American people for its mission of child survival and development. Private sector support from Americans to UNICEF amounts to more than \$370 million a year, from children participating in "Trick or Treat for UNICEF" to major corporations donating money and products. That funding is critical to UNICEF's success in preventing outbreaks of measles and cholera, restoring basic water and sanitation, helping children return to school, and thwarting child traffickers trying to take advantage of vulnerable children.

With longstanding and generous support from the U.S. Government, UNICEF can point to significant accomplishments:

- UNICEF is a world leader in vaccine supply and immunization. In 2006, UNICEF procured vaccines for 40% of the world's children, more than 3 billion doses worth \$491 million. Immunization efforts supported by UNICEF help prevent the deaths of more than 2 million young children each year.
- UNICEF's accelerated child survival and development initiative in parts of West and Central Africa demonstrated that scaling up access to an integrated package of low-cost health interventions, focused on communities and families, can significantly cut child mortality rates. In three years, child deaths in coverage areas dropped by an average of 20 percent. UNICEF is now in the process of extending that strategy throughout Africa, with the support of the African Union. For example, UNICEF and Rwandan officials are finalizing a national roadmap to cut child mortality. The plan will scale up home-based management of common child illnesses; integrate nationwide immunization campaigns with Vitamin A supplementation and distribution of anti-malaria bed nets; ensure that all district and mobile health clinics have medicines available to prevent mother-to-child transmission of HIV, and to treat HIV-positive children; and train 1,500 new health workers. The goal is for 85% of Rwanda's children under 5 to have access to an essential package of health interventions by the end of 2008.

- UNICEF is a founding member of the *Measles Initiative*, with partners including the American Red Cross and the U.S. Centers for Disease Control. This initiative mobilized more than \$300 million to support immunization campaigns that helped cut global measles mortality by 68% between 2000 and 2006 – and by 91% in Africa, a remarkable achievement. But the job is not over – in fact, one of UNICEF’s priorities in humanitarian crises is to provide measles vaccinations, along with essential drugs and nutritional supplements, in order to prevent outbreaks among vulnerable populations. For example, a mass measles campaign in Southern Sudan protected 3 million children from the disease (with 1.7 million vaccinated in 2007 alone).
- UNICEF is one of the largest buyers of mosquito nets in the world, procuring 25 million nets in 2006, nearly all of them long-lasting insecticide-treated bed nets. UNICEF is also a founding member of *Malaria No More*, along with the American Red Cross and the United Way, to help increase private sector support for buying and distributing bed nets and malaria medicine.
- UNICEF is one of the lead UN organizations assisting Iraqi children displaced by violence, both within Iraq and throughout the region. UNICEF has been working hard to support the Jordanian Government’s decision to allow all Iraqi refugee children to attend school, by paying school fees for Iraqi children whose families could not afford to do so; purchasing essential supplies for Iraqi students; training new teachers to deal with the identification, basic treatment and appropriate referral of Iraqi children suffering environmental, social and emotional distress; and helping the Ministry of Education to implement double-shift schools and rent additional buildings to accommodate Iraqi students. Within Iraq, UNICEF supports programs in every governorate of Iraq, including immunization drives that have protected more than 3 million children against polio, measles, mumps, and rubella; delivery of 470 million liters of safe water to children in insecure areas; and a school restoration program that helped outfit schools with running water, toilets, desks, school supplies, and play equipment.
- We are all aware of the political violence that has embroiled Kenya recently. This violence has had a particularly devastating toll on children. Displaced populations crowd more than 300 displacement camps across Kenya, including at least 80,000 children under the age of five. UNICEF is feeding 70 percent of these children with UNIMIX, a high-protein porridge that helps prevent malnutrition. The violence and displacement prevented thousands of displaced children from attending school, and UNICEF is providing tents and supplies to ensure that 15,000 children have access to some form of basic education.
- UNICEF has been one of the most active agencies in responding to the humanitarian crisis in the Democratic Republic of the Congo (DRC). More than 700,000 conflict-affected people benefited from shelter material and household relief supplies, and more than 500,000 people are served by water, sanitation, and hygiene services. UNICEF is also a leader in fighting against the epidemic of sexual violence, and providing assistance to survivors.
- Haiti continues to suffer from instability and poverty – but that does not mean we should ignore its children. Last November, UNICEF and its partners launched the largest immunization campaign ever in Haiti. UNICEF is providing vaccines and supplies to immunize 5.7 million children, representing 58 percent of the population of Haiti, against

measles, rubella, and polio, as well as to provide deworming medication and vitamin A supplements.

- Iodine deficiency disorder (IDD) is the leading preventable cause of mental retardation in children. UNICEF, in partnership with Kiwanis International is preventing the mental retardation of millions of children through programs to iodize salt. It is extremely inexpensive – iodizing salt costs only about a nickel per person per year. As a result of programs initiated to date, more than 100 million children will be born free of iodine deficiency disorder annually. But with up to 30 percent of households in the developing world still at risk for IDD, much work remains to be done.

These are but a few examples of UNICEF's programs that focus on children.

These programs save children's lives. Thanks in part to strong support from the U.S. Congress for UNICEF and for child survival, the world's child mortality rate has been cut in half since 1960, from 20 million under-5 child deaths to fewer than ten million in 2006. Almost one-third of the 50 least developed countries have reduced child mortality rates by 40 per cent or more since 1990 – including Bangladesh, Malawi, Samoa, Mozambique, and Ethiopia. That is proof that progress for children is possible even in poor countries, if political will and sound strategies are in place.

Sadly, in many countries, overall progress on child survival remains too slow, particularly in sub-Saharan Africa. An estimated 9.7 million children under five years old will die this year, mostly from preventable causes. Children are most at risk in sub-Saharan Africa, which accounts for 22 per cent of global births and 49 per cent of under-five deaths. Pneumonia and diarrhea account for a third of all child deaths, and undernutrition plays a role in more than half of all child deaths.

Jump-starting progress toward saving children's lives in Africa and elsewhere is essential – and possible. UNICEF's research showed that we can save children's lives by packaging life-saving interventions for mothers and children, and emphasizing the importance of family and community involvement to improve care practices for children. UNICEF is working with committed African countries to expand this accelerated, integrated child survival approach, but funding is critical. An additional \$100 million to scale up this strategy in Africa would save up to 100,000 child lives.

Building on its 60 years of experience, UNICEF is committed to address the health, education, and protection issues that prevent children from living life to the fullest. UNICEF recognizes that helping children is a team effort, and UNICEF's innovative alliances with organizations like Kiwanis International (on salt iodization) and Rotary International (on polio) are ongoing success stories. In this regard, the U.S. Fund for UNICEF supports funding requests for GAVI (\$75 million), Iodine Deficiency Disorder (\$2 million), and Polio Eradication (\$32 million). In addition, because of the importance of U.S. child survival and health programs, our organization also supports the requests for child survival and maternal health advocated by the U.S. Coalition for Child Survival and Global Action for Children.

As an organization completely funded by voluntary contributions, UNICEF must ensure that its operations are efficient and focused on results. UNICEF's results-oriented budget mechanism includes key performance targets and indicators to measure results for specific programs. In 2006, 93 percent of UNICEF's income went directly for programs to help children, limiting management costs to seven percent.

To fund its programs, UNICEF generates resources from a wide variety of government and non-government sources. Government annual contributions to UNICEF regular resources budget constitute the single most important funding source for UNICEF worldwide. The U.S. Government's voluntary contribution to UNICEF's regular resources provides the foundation for UNICEF's work to save children's lives and improve their futures. The funding provided by this Subcommittee is critical to UNICEF's ability to help the United States in international humanitarian crises, conflict areas, and emerging threats to the well-being of children.

Over one-third of UNICEF's global resources regularly come from the private sector. In the United States, the U.S. Fund for UNICEF enjoys the support of nearly a million individual contributors, as well as prominent corporations, foundations, and service organizations.

Madam Chairwoman, this Subcommittee has long been a champion for the well-being of the world's children, ensuring that children are a priority of U.S. foreign assistance funding. American advocates of UNICEF's work for the world's children salute the bipartisan support this Subcommittee has provided for child survival and for UNICEF. We believe that UNICEF is an indispensable partner of the United States on initiatives to save lives and protect vulnerable children around the world.

A strong commitment from the United States will strengthen UNICEF's capacity to meet the needs of vulnerable children, in partnership with Americans who care about children everywhere. We respectfully ask the Subcommittee to provide \$135 million for UNICEF's regular resources for Fiscal Year 2009.

## CARYL M. STERN

Caryl M. Stern, a long time child advocate and civil rights activist, was named the President and CEO of the US Fund for UNICEF in May 2007. Preceding this she served as Chief Operating Officer and then Acting President for a short time. She is responsible for providing leadership to all aspects of the day-to-day work of the organization in the National Office as well as the 5 Chapter Offices. Prior to this, Ms. Stern served as the Chief Operating Officer and Senior Associate National Director for the Anti-Defamation League (ADL).

A leader in anti-bias education, training and outreach, as well as providing a voice on behalf of the rights of children, she served as the ADL's Director of Education and founding Director of its award-winning A WORLD OF DIFFERENCE® Institute. She is the co-author of *Hate Hurts: How Children Learn and Unlearn Prejudice* (Scholastic, 2000) and *Future Perfect: A Model for Professional Development* (NACA, 1987). A frequent contributor to magazines and journals, she regularly appears on national news programs and is quoted by the media.

Caryl has traveled extensively in the United States, Europe and in Israel, where she has conferred with leaders in civil rights, government and education. She has worked closely with the U.S. Department of Education and the U.S. Department of Justice in crafting national education policy, and has participated in several White House education and anti-bias initiatives. Caryl is an accomplished public speaker and has presented at over 300 conferences, conventions, meetings, and classrooms in the United States, Austria, Belgium, Germany, Great Britain, Hungary, Israel, Poland, and the former Soviet Union.

Earlier in her career, Caryl spent a decade in higher education administration and teaching. Serving on the faculty of Manhattanville College's Graduate School of Professional Studies, Stern also served as the Dean of Students at Polytechnic University (New York) and National Chairperson of the National Association for Campus Activities (NACA), an organization representing over 1,000 colleges and universities. Stern was a recipient of the *Founder's Award*, the NACA's highest professional honor, and the New York City *Harmony Award*. She is a former chairperson of the Borough of Brooklyn's Unity Task Force. Currently, Stern serves on the Boards of the WE ARE FAMILY Foundation and the Martin Luther King Memorial Project Foundation.

In addition to her professional experience, Caryl is married with 3 sons (Brian, Lee & James) and was named as one of "25 Moms We Love" by *Working Mother Magazine* in December 2000.



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**STATEMENT BY**

**KATHY SPAHN**

**PRESIDENT & CHIEF EXECUTIVE OFFICER**

**HELEN KELLER INTERNATIONAL**

**SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS,  
AND RELATED PROGRAMS  
COMMITTEE ON APPROPRIATIONS  
U.S. HOUSE OF REPRESENTATIVES**

**March 20, 2008**

This testimony is submitted by Kathy Spahn on behalf of Helen Keller International, where she serves as president and chief executive officer. This testimony is being submitted to support language for fiscal year 2009, recommending \$2.0 million for blind children; \$30 million for micronutrients, of which \$20 million is for vitamin A programs; \$25 million for Neglected Diseases; and the use of funding under accounts for HIV/AIDS to ensure adequate food and nutrition for people with HIV/AIDS. We also support increased funding for the Child Survival and Maternal Health sub-account.

A decade from now, the seeds planted today will result in a lower prevalence of blindness and other debilitating diseases, a significant improvement in child survival rates, and better care and outcomes for people living with HIV/AIDS.

Headquartered in the United States, Helen Keller International currently offers programs in 22 countries in Africa and Asia as well as in the United States. Co-Founded in 1915 by the deaf-blind crusader Helen Keller, Helen Keller International (HKI) is a leading nonprofit organization dedicated to preventing the causes and consequences of blindness and malnutrition, and to improving the survival, health and productivity of disadvantaged populations. HKI empowers communities by improving nutrition and vision.

Our programs serve millions of vulnerable people each year. But the need is still great to do more.

#### **BLIND CHILDREN**

Today, one child goes blind every minute. Throughout their lives, blind children in developing countries must depend completely upon their families and government health systems. In addition to the devastating toll it has on children and their families, childhood blindness incurs serious social costs.

More than a decade ago, the House Foreign Operations Subcommittee initiated a program for blind children in developing countries. In partnership with the U. S. Agency for International Development (USAID), the program continues to address the major causes of childhood blindness and low vision.

A straightforward surgical procedure to remove cataracts, the most common cause of treatable childhood blindness, can restore sight to a blind child. Helen Keller International addresses childhood (and adult) cataract by training surgeons, nurses and community health workers, and by providing equipment and technology for surgeries. The organization also strives to promote timely detection and treatment of cataract in children.

Providing glasses to young children can eliminate a major barrier to their future academic, social and vocational success. HKI's ChildSight® International program offers free vision screenings to children within the school setting and free prescription eyeglasses to those who need them. If other eye problems are suspected during the screenings, the children are referred to appropriate vision health care centers.



Trachoma is the leading cause of preventable blindness worldwide; an estimated 85 million have an active form of the disease, with 10 million at immediate risk of blindness, and 7.5 million are already irreversibly blind. Children are the ones most often infected. Helen Keller International's school health programs promote and enable sustained behavior changes to control trachoma; HKI also advocates for control activities to be included in national and regional school curricula to further prevent transmission of the disease. Investing in the health and well being of school-aged children is an investment in not only the individual child but also in the family, community, and country as a whole.

### **VITAMIN A DEFICIENCY**

Vitamin A is essential for growth, cognitive development and the immune system. In fact, it is a key determinant of maternal and child survival. Yet, 127 million preschool children worldwide and 7 million pregnant women in the developing world suffer from vitamin A deficiency (VAD). In sub-Saharan Africa, nearly half of children under five are at risk of VAD, which is the number one cause of preventable blindness in children. VAD causes up to 500,000 children to go blind every year, and an alarming 70% of these children will die within one year of losing their sight.

Vitamin A deficiency can be prevented by giving vitamin A capsules twice yearly. Providing supplements to children who lack vitamin A increases their resistance to disease and dramatically improves their chances for survival. Vitamin A gives children the strength to overcome life-threatening diseases such as measles and dysentery, and helps combat blindness and vision impairment. If every child in the world received adequate amounts, vitamin A alone could save up to a million lives a year.



**Child being given vitamin A in Mali**

Helen Keller International's program to address vitamin A deficiency is an essential activity funded by and implemented in close partnership with USAID. This program is one of our most successful and efficient. Interventions to control vitamin A deficiency include vitamin A supplementation with capsules, nutrition education, food fortification, and the promotion of the production and consumption of vitamin A-rich foods.

Helen Keller International is a leader in the distribution of vitamin A capsules to mothers and children in countries across the globe. Due to the efforts of HKI and USAID, and organizations like UNICEF and the Canadian International Development Agency, the simple distribution of vitamin A capsules has become widespread.

According to the World Bank and other global health experts, vitamin A supplementation is the single most cost-effective public health intervention. At a cost of approximately \$1 per child, it takes just two high-dosage vitamin A capsules per year to prevent vitamin A-related blindness.

Helen Keller International monitors and evaluates vitamin A programs on the national level and helps put in place other strategies that save the lives of millions of people. HKI has made significant progress in increasing the availability of vitamin A through the cultivation of fruits, vegetables and animal sources rich in vitamin A. This strategy of increasing the availability of vitamin A and other micronutrients through the informed, individual development of food sources is community-driven and cost-effective. In addition, HKI has led a private/public partnership, with funding from USAID, to fortify cooking oil with vitamin A in West Africa, another approach to sustainably address VAD.

#### **HIV/AIDS, MICRONUTRIENTS AND NUTRITION**

There is increasing evidence that good nutrition is especially critical to the lives of people with HIV/AIDS, and that lack of food and nutrition security for these individuals diminishes the effectiveness of other prevention, care and treatment strategies. Adequate nutrition – not just food, but food with essential vitamins and minerals – is a key component of care and treatment of people with HIV/AIDS.

Helen Keller International recently completed a pilot project in Cambodia that demonstrated its Homestead Food Production (HFP) programs can be effectively tailored to meet the nutritional needs of people living with HIV/AIDS. HFP helps communities establish local food production systems that include gardens with micronutrient-rich fruits and vegetables and small farms for poultry and livestock, ensuring the availability of vitamins and minerals essential to proper immune system function and full physical, intellectual and cognitive development.

I urge the committee to direct funds from the HIV/AIDS accounts to be used for ensuring adequate micronutrients and nutrition among this vulnerable population.

### NEGLECTED DISEASES

I also want to lend support for continued funding for Neglected Diseases (NTDs). Funding of this program, which is directed at Neglected Tropical Diseases, in fiscal year 2008 at a level of \$25 million will help address a number of diseases which inflict severe economic, psychosocial and physical damage on the poorest populations in the developing world. These diseases are generally non-fatal, but cause enormous chronic disability and suffering.

More than 350 million people are disabled or severely impaired, with many more infected. These conditions exacerbate poverty by reducing school attendance, productivity, and capacity for work and by diverting scarce community resources to medical treatments for conditions that could have been prevented.

For five of the most important NTDs – lymphatic filariasis (elephantiasis), onchocerciasis (river blindness), schistosomiasis (snail fever), soil transmitted helminths (intestinal worms), and blinding trachoma – there is a particularly promising opportunity at hand because effective tools and simple, inexpensive strategies are now available to control or even eliminate these diseases.

### CONCLUSION

I ask that you include language in your Committee report recommending \$2.0 million for the program for blind children, at least \$30 million for micronutrients, including \$20 million for vitamin A, and support for the use of HIV/AIDS funding for nutrition. I urge the Committee to provide \$25 million for Neglected Diseases. We also support increased funding for the Child Survival and Maternal Health sub-account.

Over the years, HKI's partnership with USAID has accomplished a great deal. However, we are determined to move forward to accomplish even more on behalf of children and adults in developing countries.

Helen Keller may have said it the best, "*Although the world is full of suffering, it is also full of the overcoming of it.*"

Thank you for your consideration.

**KATHY SPAHN**

Kathy Spahn joined Helen Keller International in March 2005 as President and Chief Executive Officer, responsible for global strategy and management of the organization. HKI has programs in 22 countries in Africa and Asia, as well as in the United States, and has an annual cash operating budget of nearly \$30 million. As President and CEO, Ms. Spahn is responsible for all operations, programs, finances, communications and public policy initiatives of HKI. She works closely with the Board of Trustees, global leaders in public health, staff members throughout the agency, partner organizations, and HKI supporters. Ms. Spahn came to HKI from ORBIS International, a global non-profit organization dedicated to the prevention and treatment of blindness in the developing world, also headquartered in New York. As President and Executive Director, she provided overall direction and management for this \$30 million organization with four affiliates and five country programs, and a medical volunteer corps of 370. She joined ORBIS in 1999 as Executive Vice President, Chief Operating Officer and was promoted a year later to the position of President and Executive Director.

Prior to her work with ORBIS, she was Executive Director of God's Love We Deliver, a New York-based AIDS service organization dedicated to combating malnutrition and hunger among people living with HIV/AIDS. In addition to general management and direction of this \$9 million program with 100 staff and 2,500 volunteers, Ms. Spahn spearheaded a capital campaign that saw GLWD move to its own building. She was promoted to the top staff position in 1994 after six months as Director of Operations.

Her career began in the arts world in New York where she served as Executive Director of The New York International Festival of the Arts, a citywide cultural celebration featuring dance, music and theater artists. Earlier she had been Director of Operations for Dance Theater Workshop and Associate Director for the Cultural Assistance Center, both in New York.

Ms. Spahn is a Founding Board member of both the Association of Nutrition Services Agencies (ANSA) and the North America chapter of the International Agency for the Prevention of Blindness (IAPB). She has served on numerous other boards in both health and the arts, and currently serves on the boards of the International Agency for the Prevention of Blindness, The Bernadotte Foundation for Children's Eyecare, and the Global Network for Neglected Tropical Diseases, of which she serves as Chair. She has been a frequent panelist and guest speaker in these areas of concentration, as well.

She graduated from Oberlin College in Ohio with a Bachelor of Arts, *summa cum laude*.



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[www.hki.org](http://www.hki.org)

#### RULE XI STATEMENT

In accordance with Rule XI of the Rules of the House of Representatives, Helen Keller International states that its witness has not received any Federal grant or contract during the current fiscal year or either of the two previous fiscal years. The entity represented by the witness, Helen Keller International, has received grants totaling approximately \$9,500,000 - \$10,000,000 during the current fiscal year, \$ 7,843,353 during fiscal year 2007, and \$ 7,532,113 during fiscal year 2006. The grants were related to programs for blindness prevention, nutrition, and eye care.

**STATEMENT BY**

**AMBASSADOR JAMES F. COLLINS**

**FORMER UNITED STATES AMBASSADOR  
TO THE RUSSIAN FEDERATION**

**BEFORE THE  
SUBCOMMITTEE ON FOREIGN OPERATIONS,  
EXPORT FINANCING, AND RELATED PROGRAMS  
COMMITTEE ON APPROPRIATIONS  
U. S. HOUSE OF REPRESENTATIVES**

**MARCH 20, 2008**

Madame Chairwoman and Members of the Subcommittee:

**I am pleased to have the opportunity to submit testimony on behalf of the Program of Research and Training for Eastern Europe and the Independent States of the Former Soviet Union, known as the Title VIII program. I request that the Committee recommends \$5 million in funding for this program in fiscal year 2009. I also request that funding for the program be included under the Department of State budget, as it was in fiscal year 2008. I am also grateful to the Subcommittee for its longstanding bipartisan support of Title VIII.**

At the outset, let me say that I do not receive any funding from the Title VIII program, and that I am testifying on behalf of the program because of its clear benefits to U.S. foreign policy and national security objectives.

I was honored to serve my country for nearly 12 years as America addressed critical issues that emerged from the end of the Cold War, the collapse of the Soviet Union and the beginning of the transition of the former communist societies of East Europe and Eurasia through the 1990s. I am now a Senior Associate, Diplomat in Residence, and Director of the Russia and Eurasia Program at the Carnegie Endowment for International Peace. I have served on several NGO Boards engaged in supporting the development of positive relations between the United States and the societies of the New Independent States.

#### **History of Title VIII**

Madame Chairwoman, the Title VIII Program from its inception has recognized that it is essential to our national security that America develop and sustain a cadre of experts on the societies and nations of Central and Eastern Europe and the vast and complex region that we formerly knew as the Soviet Union. The Title VIII program has always received strong bipartisan support from the Subcommittee because the Congress clearly appreciated the fact that America's ability to realize our goals across Europe, the Middle East, and Asia have been and will remain intertwined with the societies and nations Title VIII addresses, and that we must maintain the expertise we need to conduct relations with this part of the world wisely and effectively.

The Title VIII Program was enacted into law in 1983. Its basic purpose is to ensure that the American research capacity both for policymaking and academic purposes concerning the Former Soviet Union (FSU) and Central and Eastern Europe (CEE) is preserved and sustained. This is done through a number of functional activities that include collaborative research involving American academics and policy analysts and their counterparts in the Eurasian and East European region, individual field research opportunities for American academic and policy analysts, language training in regional languages for American students and others making career commitments to the study and conduct of policy of and on the region, direct placement of American experts from the academic community in U.S. agencies and embassies and seminars

and publications produced for executive and legislative officials in Washington responsible for the conduct of U.S. policy toward the region.

Funding for the program has varied in constant dollars since 1985, ranging from \$4.6 million originally, to as high as \$10 million in 1991-1993. The 2008 omnibus agreement included \$5 million for Title VIII funding. The Department of State's Bureau of Intelligence and Research (INR) administers the program, and I believe they have done a great job.

#### **Title VIII Program**

Grants under Title VIII go to national organizations as the principal means of implementation. These organizations design and administer competitions, drawing on experts from all over the United States who evaluate the merits of individual and institutional proposals. Fairness in selection is assured through strict adherence to peer review procedures; selection committee members serve as experts familiar with the standards of quality governing research and writing in their fields and not as representatives of their educational or research institutions. The integrity of the process is assured by strong conflict of interest guidelines that require selection committee members to recuse themselves in cases of such conflicts.

The national organizations distribute funds received from Title VIII to students, scholars and researchers in universities and research institutions around the country. The "pass-through" and peer review mechanisms ensure that the most meritorious proposals are funded, without regard to the particular university or part of the country from which they come. These well-established procedures effectively prevent the channeling of the scarce federal funds to a small number of universities. Teachers, researchers and students from over 500 universities and research institutions in the United States have received support under the program, covering every state in the United States and the District of Columbia. I would also like to emphasize that this program is extremely cost-effective. The national organizations administering Title VIII programs and the home institutions of grant recipients under the program are asked to share costs in a variety of ways.

The argument for continuing the Title VIII program can be put simply. Prudent policy making on these critical and unstable areas of the world requires both trained analysts working in government and a reservoir of expertise in academic communities on which these analysts can draw. This bank of expertise consists of senior scholars and researchers as well as those just embarking on careers.

The Title VIII program has thousands of alumni in both academia and government. It has undeniable benefits for the practical crafting and conduct of foreign assistance programs in the region. For example, Title VIII-funded scholars and researchers have long helped administrations from both parties to develop U.S. foreign assistance programs for Eurasian and Central and East European countries. The program has a number of notable alumni including both former Secretary of State Madeleine Albright and current Secretary of State Condoleezza Rice. Other individuals have served as USAID project directors, and Departments of State and Defense advisors on rule of law, health and environment, crime and corruption, nuclear and biological weapons threat reduction, military downsizing, and local government projects,



including business development and foreign investment. Title VIII alumni have also helped Congress make difficult decisions on appropriations for foreign assistance to the region through testimony before congressional committees.

Current research on such issues as HIV/AIDS in Russia, and Islam and women's political participation are clearly relevant to ongoing technical assistance objectives and projects as demonstrated by federal agencies direct interest in working with Title VIII-funded researchers. Title VIII research is often immediately applicable to U.S. foreign policy and foreign assistance goals in the region.

### **Need for Continuing Title VIII**

Madame Chairwoman, it is sometimes asked whether programs like Title VIII are still needed today, after the end of the Cold War, and in view of the expanding funding needs for programs in the Middle East. I believe that cutting support for Title VIII would be dangerously shortsighted for two key reasons.

First, as I noted previously, there is no future in which events in Eurasia and Central and Eastern Europe will not be critical to America's ability to achieve its foreign policy goals in Europe, the Middle East and Asia. We need only look at the place this region played as we pursued our goals in Afghanistan, Georgia, Iran, Iraq, North Korea, or Ukraine to validate the need for effective research and analysis. Second, as our country has responded to the new security threats from terrorism, the need for strengthened language capabilities and quality research capacity has become ever more apparent.

The Title VIII program constitutes one of the few sustained U.S. investments aimed at developing analysis and policy research on the states and societies of the FSU and the SEE. As we move into the challenges of the 21<sup>st</sup> century, Title VIII continues to adapt to evolving geopolitical environments and encourages American researchers to connect their projects to the work of the policy community and to countries and regions outside the traditional Cold War framework.

Indeed, the challenges of the new century cross borders between the regions of Eurasia and Southeast Europe and the Middle East. Research funded by Title VIII helps us to understand, in a comparative and multinational context, social, economic, political, security, and cultural processes that span not only the post-communist world but also neighboring countries such as Afghanistan, China, Iran, Iraq, Korea, Turkey, and Pakistan. Title VIII organizations leverage Title VIII funding by contributing their own private funds to support cross-regional research on Russian policy toward the Middle East, particularly Iran.

These countries border on the FSU countries of Central Asia, the Caucasus and Southeast Europe, which are priority areas for Title VIII program resources. Hundreds of very high quality research studies have been produced and distributed to executive and legislative branch representatives. The political outcomes in those areas of the FSU/SEE region have been outcomes that differ from radical Islamic regimes in countries like Iran and other border states that face far greater threats of radicalization.

How and why those outcomes have been avoided in places like Central Asia and the Caucasus, what the underlying social, political, and economic forces at play are in producing moderate Islamic regimes and how those forces could change in dangerous directions are key foci of Title VIII funded research. Several Title VIII researchers are conducting research in remote areas of Central Asia and the Balkans, assessing the evolution of Islamic beliefs and their potential political impact. Others are conducting work on ethnic border disputes in the Caucasus, while yet another is exploring the transmission of HIV/AIDS and the socio-cultural barriers to checking the spread of the disease in Russia.

Title VIII supported research provides a key “deliverable” to policy makers in the U.S. government, as well as to research institutions and members of the public. Unclassified and independent research on various aspects of the history, politics, and societies of the FSU and CEE buttress the work of our own U.S. foreign policy agencies. The research products of Title VIII research, distributed through various means by recipient organizations, have been acknowledged again and again by such agencies as a valuable addition to their work, particularly since American teachers, scholars, and graduate students are often able to get to remote parts of countries in the region where it would be difficult for American officials to go.

The second critical reason for maintaining Title VIII programs is their fundamental role in language training. Title VIII has developed a comprehensive array of programs for training current and future area specialists in languages they need. Language training requires years of study and practice; it requires institutions to augment and restructure their curricula in order to offer consistent and high quality instruction and training, and to offer opportunities for intensive summer instruction for less-commonly taught languages. Moreover, Title VIII has offered language scholarships to graduate students and researchers to pursue advanced training on-site in Eurasia, as well as seed money grants to U.S. institutions to prepare young scholars for language study and field work overseas.

This combination of incentives has, in an exemplary cost-effective manner, produced several generations of experts capable of using the languages of the region. Title VIII supported institutions in the United States offer introductory and intermediate language training through summer institutes and advanced training overseas on more than a dozen languages in the FSU and CEE.

### **Conclusion**

Madame Chairwoman, in any foreseeable future Central and Eastern Europe, Russia, and the other countries of Eurasia will remain critical to the security of the American people and to the achievement of our foreign policy goals in Asia, the Middle East, and Europe. I urge the members of the Subcommittee to continue their longstanding bipartisan support of the Title VIII program. I specifically recommend that the Subcommittee continue to provide a level of \$5 million for the program in fiscal year 2009. This is a needed investment in our future security. Thank you very much.

**Ambassador James F. Collins**  
**Director, Russian and Eurasian Program**  
**Senior Associate, Russian and Eurasian Program**  
**Diplomat in Residence**

Ambassador James F. Collins was appointed the Director of the Russian and Eurasian Program in January of 2007. He is an expert on the former Soviet Union, its successor states, and on the Middle East.

Ambassador Collins was the U.S. Ambassador to the Russian Federation from 1997 to 2001. Prior to joining the Carnegie Endowment, he served as Senior Advisor at the public law and policy practice group Akin, Gump, Strauss, Hauer & Feld, L.L.P.

Before his appointment as Ambassador to Russia, he served as Ambassador-at-Large and Special Advisor to the Secretary of State for the New Independent States in the mid 1990s and as deputy chief of mission and charge d'affaires at the American Embassy, Moscow from 1990 to 1993, at the time of the disintegration of the USSR. In addition to three diplomatic postings in Moscow, he also held positions in the American Embassy in Amman, Jordan, and the Consulate General in Izmir, Turkey.

He is the recipient of the Secretary of State's Award for Distinguished Service; the Department of State's Distinguished Honor Award; the Secretary of State's Award for Career Achievement; the Department of Defense Medal for Distinguished Public Service; and the NASA Medal for Distinguished Service.

Ambassador Collins has been active on the boards of non-profit organizations concerned with U.S. foreign policy and U.S. relations with Russia, East Europe and Eurasia. He has served as a member of the board of the U.S.-Russia Business Council, the American Academy of Diplomacy, the Open World Leadership Center, and American Councils for International Education. He is also a member of the advisory board of the Civilian Research and Development Foundation and the Library of Foreign Literature in Moscow.

Before joining the State Department, Ambassador Collins taught Russian and European history, American government and economics at the U.S. Naval Academy

**Areas of Expertise:**

**Education:**

A.B., Harvard University; M.A., Indiana University

**Languages:**

English, Russian

**AMERICAN COUNCILS** \*FOR INTERNATIONAL EDUCATION  
A C T R ▲ A C C E L S

**STATEMENT BY  
PROF. DAN E. DAVIDSON, BRYN MAWR COLLEGE (PENNSYLVANIA)  
PRESIDENT  
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION:  
ACTR/ACCELS  
(WASHINGTON, D.C.)**

**BEFORE THE  
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS,  
AND RELATED PROGRAMS  
COMMITTEE ON APPROPRIATIONS  
U.S. HOUSE OF REPRESENTATIVES**

**March 20, 2008**

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Madam Chairwoman, thank you for allowing me the opportunity to present this statement on behalf of the American Councils for International Education. I am requesting that the Committee include funding in the fiscal year 2009 State, Foreign Operations bill for programs under the Department of State Educational and Cultural Exchange Programs and in support of continued assistance for South East Europe and Eurasia, including several assistance models in the educational sector that are making a major difference for the successor generation of leaders in that part of the world.

My name is Dan E. Davidson and I have worked in Russia, Eurasia, and Southeast Europe as a scholar, teacher, and director of several major assistance initiatives for the past 30 years. I am president and co-founder of American Councils for International Education, a nonprofit organization that works in the 12 republics of the former Soviet Union, four countries of the former Yugoslavia, Afghanistan, China, Egypt, Jordan, and Syria. Founded in 1974, American Councils is one of the leading and best-known U.S. organizations administering U.S. Government, World Bank, foreign government, and privately funded exchange and development programs between the United States and Eurasia.

#### **Achieving Democratic Freedom**

Since 2003, our region has experienced the "Rose Revolution" in Georgia (whose President is a former Muskie Fellow) and the "Orange Revolution" in Ukraine. At the same time, however, there have been disturbing counter-trends in the reassertion of authoritarian policies and repression of basic freedoms in Belarus, Uzbekistan and other nations across the region. Clearly, much remains to be done if continued advancement of democratic freedoms as well as economic and social reform is to be achieved.

Congress has played a vital role in defining our national goals for South East Europe, Eurasia, and, more recently, with Afghanistan. It has done so by enacting the FREEDOM Support and SEED Acts and other creative programs that have done much to build relations of respect and trust with new generations of citizens across this very large and strategic region. This Subcommittee, in particular, deserves credit for embracing these activities.

I would also like to thank this Subcommittee for its continued support of the Department of State's Title VIII, Research and Training for Eastern Europe and the Independent States of the Former Soviet Union Program. American Councils is among the administering organizations for this program. Title VIII remains critical to our national security interests, by fostering relationships in research and training that are essential for the larger goals established by the FREEDOM Support Act.

I recommend that the U.S. further explore replication of some of the priorities and program models that have functioned well in the NIS, especially in Central Asia, in Afghanistan, South Asia, and other parts of the Muslim world. The fastest growing segment of the population in South East Europe, Russia, and the states of Central and South Asia are Muslim: 70 million in Eurasia, 240 million in South Asia. These populations constitute a substantial percentage of the worldwide Muslim groups identified as a priority for U.S. public diplomacy and foreign policy focus.

There is particular need for programs focused on professional development, the support of teachers and those who train them, such as the US-Russian Language, Technology, Math and Science Teacher Exchange Program (LTMS), development of higher educational faculty (like the Junior Faculty Development Program), as well as curriculum development, and support of standardized educational testing. These can contribute greatly to creating much needed new capacity in the domestic educational systems of many of these nations.

All of these programs include a focus on ethnic diversity, access to educational opportunity, and sustained and affirmative effort to reach beyond the traditional elites affected by traditional U. S. exchange programs. Investments in the professional development of teachers can produce a powerful multiplier effect for student learning in the schools.

#### **DEPARTMENT OF STATE EXCHANGES**

Madam Chairwoman, I ask that the committee include language in support of the following exchange programs:

- **Future Leaders Exchange Program (FLEX)**

The Future Leaders Exchange (FLEX) is a U.S. government-sponsored program for secondary school students from the 12 republics of the former Soviet Union (Eurasia). The program provides scholarship funding for students to travel to the United States, attend a U.S. high school for a full academic year, and live with a U.S. host family. FLEX was established in 1992 as the centerpiece of the NIS Secondary School Initiative under the FREEDOM Support Act.

- **American-Serbia and Montenegro Youth Leadership Exchange (A-SMYLE)**

American-Serbia Montenegro Youth Leadership Exchange (A-SMYLE) is a U.S. government-sponsored program for secondary school students from Serbia and Montenegro. The program provides scholarship funding for students to travel to the United States, attend a U.S. high school for a full academic year, and live with a U.S. host family.

- **Youth Exchange and Study - Afghanistan (YES)**

The Youth Exchange and Study (YES) program is a USG-sponsored ECA program for secondary school students from countries with a predominantly Muslim population. The program provides scholarship funding for students to travel to the United States, attend a U.S. high school for a full academic year, and live with a U.S. host family. YES was established in 2002 as a response to September 11, based on the success of the FLEX program.

- **Language, Technology, Math and Science Exchange (LTMS)**

The Teachers to Teachers: Language, Technology, Math and Science Exchange (LTMS) is a program that identifies and rewards Russian educators with concentrated professional development, short-term internships, and workshop design. LTMS gives Russian educators from

across the curriculum the opportunity to collaborate with U.S. counterparts to develop new teaching methods, create or expand materials and curricula, and to prepare professional development workshops for colleagues in their home country.

- **Junior Faculty Development Program (JFDP) Eurasia/Balkans**

The Junior Faculty Development Program is a non-degree, professional development program intended to provide opportunities for university faculty with great potential as scholars and instructors to:

- \* develop new courses and implement curriculum reform at their home institutions;
- \* cultivate teaching skills and techniques derived from exposure to U.S. educational methods;
- \* expand the information base in their fields of study, and
- \* become a vehicle for on-going contact and exchange between home and host institutions.

- **Educational Advising Centers (EAC's)**

Educational Advising Centers (EAC's) provide comprehensive and unbiased information about U.S. education to the public free of charge, in support of the public diplomacy mission of U.S. embassies in Eurasia. Professional advisers in each center counsel prospective students seeking access to higher education in the United States. Information on U.S. institutions of higher education and other features of U.S. higher education are provided.

#### **FOREIGN OPERATIONS PROGRAMS**

The U. S. currently supports three relatively new and unusually important assistance programs in the Eurasian/EE region, which, based on my own experience, deserve particular consideration as models of focused U. S. assistance. Each contributes to meeting the challenges of preparing a new generation of citizens for the demands of the globalized economy and the concomitant needs for stronger workforce development, professional education, reduction of corruption, and greater social cohesion.

- **Independent Standardized Testing: a Change in the Academic Culture of Nations**

In 2002, at the invitation of the government of Kyrgyzstan, the U. S. embarked on a small but important program to assist that nation in creating an open and objective system for the distribution of federal scholarship awards to entering university students.

- **The Kosovo-America Education Fund (KAEF)**

The Kosovo-America Education Fund (KAEF) is another superb example of an innovative model for Federal investment in educational exchange and training. KAEF will award its second round of fellowships in May to talented young professionals from Kosovo to pursue master's degrees in the United States in business administration and economics.

- **The U.S.- Central Asia Education Foundation**

The U.S.- Central Asia Education Foundation (U.S.-CAEF) was established on the proceeds from the U.S.-Central Enterprise Fund to build local capacity in business and economics education. The goal of the Foundation's project is to encourage and assist development and growth of a vibrant open-market private business sector and promote principled entrepreneurship in Central Asia. Now in its second year of activity, U.S.-CAEF provides: (1) need-based scholarships in business and economics to citizens who attend select universities located within the region; (2) U.S. and local intensive training and curriculum development assistance for business and economics faculty of the select universities; (3) and internship support for students to provide them the opportunity to work in open-market economies.

- **The European Humanities University – in Exile (EHU-International)**

While Belarus continues to isolate itself from the West and its neighbors, including Ukraine, the European Humanities University in Minsk retains its role of being the major instrument in internationalizing and liberalizing higher education, by creating an alternative system of higher education for Belarusian students. In the summer of 2004, the forced closure of the university by the government of Belarus caused an outcry from the international academic and scholarly community, which held EHU in high regard for the quality of its faculty and educational standards.

The State Department, US private foundations, and the European Union have joined forces in a remarkable display of coordination and focused effort to provide financial assistance to enable EHU to offer distance education courses to its former students from a new base of operations in Vilnius, Lithuania, where the University has been officially registered as a national university with instruction in Belarus and Russian.

#### **In Conclusion**

Madam Chairwoman, as you proceed with decisions on the fiscal year 2009 State, Foreign Operations bill, I request that you continue to provide strong funding for the Department of State Educational and Cultural Exchange Programs, particularly the programs mentioned in this statement. Also, I asked that you provide increased funding for the accounts for the New Independent States and Eastern Europe to insure adequate support under your bill for much needed programs in educational development and exchange. Thank you very much for providing me with this opportunity to present my views to the Subcommittee.



## **Dr. Dan E. Davidson**

*President*

Dan E. Davidson is President and co-founder of American Councils for International Education and Professor of Russian and Second Language Acquisition at Bryn Mawr College, where he has held the rank of full professor since 1983. In its four decades, American Councils has developed into one of the premier American education and international training organizations, administering more than thirty exchange and training programs, including U.S. government programs and non-U.S. national fellowship programs. The organization focuses its expertise on the design and implementation of academic exchange, professional training, distance learning, curriculum and test development, delivery of technical assistance and consulting services, research and evaluation, and institution building. Its daughter organization, the American Council of Teachers of Russian (ACTR), is dedicated to strengthening the teaching of Russian language and literature throughout the United States.

Davidson received his M.A. and Ph.D. degrees in Slavic Languages and Literatures from Harvard University and for the past thirty-five years has served as association head, faculty member, and academic administrator in the fields of Russian language and literature, Russian studies, and post-Soviet educational reform. Dr. Davidson is the author or editor of twenty-six books and more than 40 articles in the fields of Russian language, culture, and educational development, including a major twenty-year longitudinal, empirically-based study of adult second language acquisition during study abroad. Dr. Davidson's latest study, "A Bilingual Associative Dictionary of the Language of English and Russian Youth," appears in the current issue of the *Journal of the St. Petersburg Society of Linguistics, Language and Speech Behavior*, VII, 2006. He has directed twenty-six Ph.D. dissertations in the field of Russian and second-language acquisition. From 1992–1995, Dr. Davidson also served as co-chairman of the Transformation of the Humanities and Social Sciences initiative sponsored by philanthropist George Soros. The program produced over four hundred experimental textbooks for schools and colleges in Eurasia.

He currently chairs the Board of Trustees of the European Humanities University International, is past chair and current executive board member of the Alliance for International Educational and Cultural Exchange, serves on the Board of Trustees of the Foreign Language Committee of the National Board for Professional Teaching Standards (NBPTS), and serves on the Board of Governors of the University of California Consortium for International Education, the Coalition for Distinguished Language Centers, and World Education Services. He serves on the National Foreign Language Center's Board of Directors, the Collaborative Board for U.S. National Foreign Language Standards, and the Joint National Committee on Languages' Board of directors. He also serves on the College Board Foreign Language Advisory Committee, the National Foreign Language Center Advisory Board, the ETS Global Institute Advisory Board at Princeton University, and is vice president of International Association of Teachers of Russian Language and Literature (MAPRYAL). He is an elected foreign member of the Russian Academy of Pedagogical Sciences (RAO) and the recipient of an honorary professorship from Kyrgyz National University (Bishkek) and of honorary doctoral degrees from Almaty State University (Kazakhstan), the Russian Academy of Sciences (Division of Language and Literature), and the State University of World Languages (Uzbekistan).

Armenia Yerevan  
 Azerbaijan Baku  
 Belarus Brest Gornel Grodno  
 Minsk Mogilev Vitebsk  
 Georgia Tbilisi  
 Kazakhstan Almaty  
 Astana Ust-Kamenogorsk  
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March 13, 2008

## RULE XI STATEMENT

In accordance with Rule XI of the Rules of the House of Representatives, the American Council for International Education states that its witness has not received any Federal grant or contract during the current fiscal year or either of the two previous fiscal years. The entity represented by the witness, the American Council for International Education, has received grants totaling approximately 30 million during the current fiscal year, approximately 24 million during fiscal year 2007, and approximately 33 million during fiscal year 2006. The grants were related to programs for research and training U.S. citizens in the Eurasian region, fellowship administration for scholars, teachers, students, and citizens from southeast Europe, and Afghanistan, and programs supporting educational reform and modernization in the US, southeast Europe, Eurasia, and Afghanistan.



**STATEMENT BY**

**DAVID J. MCGUIRE  
VICE PRESIDENT AND DIRECTOR,  
CENTER OF PRIVATE SECTOR HEALTH INITIATIVES  
ACADEMY FOR EDUCATIONAL DEVELOPMENT**

**BEFORE THE  
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS,  
EXPORT FINANCING, AND RELATED PROGRAMS  
COMMITTEE ON APPROPRIATIONS**

**U.S. HOUSE OF REPRESENTATIVES**

**March 20, 2008**

Madam Chairwoman, I sincerely appreciate the opportunity to submit testimony in support of continued funding for malaria control programs in sub-Saharan Africa. I urge the Committee to endorse a comprehensive approach to address the deadly effects of malaria, and to recognize the need to quickly address the scourge of this disease while also laying the groundwork for sustained, locally controlled and financed programs into the future.

It is important to recognize that the globalized economy facilitates the spread of disease through, military, trade, and population movements. Every year, millions of Americans travel to and from malaria endemic regions on military and diplomatic missions, as well as vacations. Malaria is a major threat to these Americans' health and life.

The United States has taken the lead globally in the fight against malaria. In addition to increasing the resources being made available to fight malaria, the U.S. government, through Agency for International Development (USAID) and the President's Malaria Initiative (PMI), is expanding its support to include all effective tools for prevention and treatment, and has put in place an improved system that ensures results-based management and resource allocation.

We must remain mindful that achieving high coverage targets by 2010 will not be cause to declare victory, but only the first phase in a long-term effort that will require the increased and sustained commitment of African governments, commercial distributors of malaria prevention and treatment products, and continued support of the international community to fill the gap.

#### **Malaria – The Silent Tsunami**

Malaria kills more than two million people in Africa each year, mainly in the sub-Saharan region. Between 300 and 500 million people suffer from malaria; one out of 20 children in Africa dies of malaria before the age of five. Families are often forced to spend approximately 20 percent of their income on malaria treatments, and public health institutions spend up to 40 percent of their budgets on outpatient malaria treatment.

In addition to its impact on health, malaria is also responsible for an economic loss of \$12 billion to economies in Africa each year, slowing economic growth by approximately 1.3%. Malaria is also the leading cause of absenteeism in African schools.

#### **A Devastating but Preventable Disease**

Insecticide-treated bednets (ITNs) are a proven, practical preventive tool for preventing malaria. Overwhelming scientific evidence shows treated bednets protect children and families while they sleep, providing protection against 97% of malaria bites, which occur between 10 p.m. and 6 a.m. Because ITNs can be obtained by families immediately through local markets, or distributed by governments, NGOs and faith-based organizations on a subsidized or free basis, they are one of the most practical and effective weapons in the fight against malaria.

Other effective tools in preventing malaria include Indoor Residual Spraying (IRS), and intermittent presumptive therapy of pregnant women. All methods should be viewed as complementary. It is critical that decisions about the most appropriate mix of interventions be

driven by local experts in each country, and be based on the specific nature of malaria transmission in the country, and the availability of resources. Only a locally driven and systematic approach that includes many tools and partners will succeed, and comprehensive plans must not exceed the combination and evolution of funding over time.

### **Need to Improve Targeting of Subsidies**

We have heard much debate about whether malaria prevention tools should be distributed through the African commercial sector, or for free. The fact is, we need both. Free campaigns are excellent tools to increase coverage quickly. These campaigns typically target pregnant women and children under five, the most vulnerable, but leave other family members exposed, e.g., the elderly, women who are not pregnant, male bread-winners, and adolescent children, who end up becoming unaddressed malaria parasite reservoirs causing re-infection of vulnerable groups.

We do not have the resources over the long term to provide all vulnerable populations with ITNs, IRS and treatment for free. Free distribution is expensive, logistically challenging, and not sustainable on a national scale. These critical and life-saving efforts must judiciously target the most vulnerable and those who cannot afford products in the commercial sector, where Africans obtain most of their products and services.

In addition to targeting free distribution to pregnant women and under-fives, we must also take into account the needs of other family members, including adult bread-winners affected by malaria. Strategies must also be in place to reach under-fives born in years when campaigns are not taking place.

We need better systems in place to improve targeting of donor resources and ensure that mass procurements are handled in the most cost-effective way. This should include holding implementing agencies accountable for what happens to commodities once they reach a country. Targeted distribution must be accompanied by education in order to convert ownership to use.

Support of programs to increase net ownership and use must be done in the most cost-effective manner, which may not be solely relying on free distribution. An international organization distributed in 2006, ITNs in Ghana for over \$10 per unit. This unit would normally cost \$5 in a commercial market. Distribution by the commercial sector, with support from USAID's NetMark project, costs the taxpayer only \$1.74 per ITN, with the cost of the net paid assumed by the consumer. NetMark was able to procure and distribute free nets to the district level in Uganda, a land-locked country, for \$5.50, while other donor-funded programs have spent as much as \$10 per net delivered in coastal Ghana.

For countries already struggling to provide basic services such as routine vaccination it is important to have a balanced approach including free, subsidized and commercially available products. All U.S. programs should be held accountable for addressing both equitable coverage and local capacity building for sustainable delivery through both commercial and public sector channels. We should also consider alternatives to procurement and distribution through over-burdened public sector networks, using vouchers where possible. This approach, which has been

proven effective throughout Africa, can help PMI achieve its goals on a more cost-effective basis while also supporting the growth of the African private sector.

**NetMark – An Example of USAID Achieving Cost-effective Impact and Sustainability in Malaria Prevention**

NetMark is working to reduce malaria cases and deaths in Africa by increasing the availability, affordability and use of insecticide-treated bednets through partnerships with commercial net and insecticide manufacturers, their African distributors, ministries of health, and NGOs. USAID established the NetMark program in 1999 through the Academy for Educational Development (AED).

NetMark uses three strategies to increase the availability, affordability and use of ITNs:

- creation and expansion of commercial ITN markets to help make this lifesaving product readily available long after NetMark ends
- promotion of ITNs through public education about malaria and correct net use
- targeted subsidies to help the poorest and most vulnerable obtain subsidized or free ITNs with discount vouchers redeemable through the same convenient commercial outlets used by wealthier populations.

NetMark has achieved unprecedented results through public-private partnership:

- Since 1999, NetMark has developed partnerships with 37 African and 9 international commercial partners which have invested over \$64 million dollars in country programs and restructured to develop and support retail markets. This translates into approximately \$1.45 invested by the commercial sector for every dollar invested by USAID.
- Since 2002, the African commercial sector, under the umbrella of NetMark support, has delivered over 70 million nets and 15 million insecticide treatment kits, at a cost of about 1.74 per ITN delivered.
- Over 1,000,000 pregnant women and mothers of children under five have benefited from discount vouchers from NetMark, and 500,000 women in Mali alone received insecticide treatment kits.
- Over 2 million LLINs were distributed for free to the most vulnerable in Ghana, Nigeria, Senegal and Uganda.
- NetMark's communication activities have helped reach more than 100 million people (with information) about the dangers of malaria and how ITNs can prevent it.
- Awareness of ITNs has increased from an average of 43% in 2000 (Nigeria, Ghana, and Senegal) to 82% in 2004; and ownership of ITNs has increased from 5% to 27% over the same period in those countries.

- Before NetMark, few nets were treated with insecticide, which makes them twice as effective at preventing malaria. Now, 65% of nets owned in NetMark countries have been treated.
- ITNs now cost 30% - 75% less than untreated nets did in 2000, because of more ITN brands and competition in the market that has been established by NetMark.
- Taxes and tariffs on ITNs have been reduced or eliminated in ALL seven NetMark target countries (Ethiopia, Ghana, Mali, Nigeria, Senegal, Uganda and Zambia)
- NetMark's programs have benefited the lower socio-economic groups as much or more than the wealthiest groups. In Ghana, Nigeria, Senegal and Zambia, the poorest 40% of the population own 33% of the nets.
- Prior to NetMark's recent launch in Ethiopia, 66% of public sector nets went to wealthiest 40% of the population, while only 2% went to the poorest 20%.
- NetMark has developed a new process to produce state-of-the-art, long-lasting ITNs (LLINs), which led to the construction of a privately funded factory in Thailand with a capacity to produce 4 million LLINs per year.

NetMark has developed a model that works through public-private partnership to achieve both short and long-term public health impact. This model, based on efficient and effective delivery of ITNs, could easily be applied to other areas of malaria prevention.

I urge the committee to recommend the following in the fiscal 2008 bill:

- Using the full range of malaria control tools and approaches based on joint planning with health specialists in each country,
- Requiring malaria control programs to address building the local capacity of commercial and public sector delivery mechanisms;
- Demanding accountability for country programs for cost-effectiveness, distribution equity and sustainability.

I thank you for your consideration.

**DAVID MCGUIRE  
VICE PRESIDENT  
ACADEMY FOR EDUCATIONAL DEVELOPMENT**

David McGuire, Vice President and Director of AED's Center for Private Sector Health Initiatives and the USAID/NetMark Program, has gained international recognition as a leader in the relatively new and growing field of partnerships for sustainable business and development. Mr. McGuire has educated high-level stakeholders in ministries of health, the commercial sector, and the international donor community on the mutual benefit and cost-effectiveness of cross sector partnership. He has written a number of articles on the topic and has appeared on CNN to discuss new models for malaria prevention in Africa. He has designed, brokered and managed a number of these partnerships with companies such as Wyeth, Organon, Schering, Rhone-Poulenc Rorer, Bayer, BASF, SC Johnson Wax, Vestergaard Frandsen, Siamdutch Mosquito Netting, and A-Z Textiles.

Mr. McGuire began working at AED in 1989. From 1991-93 he was based in Mali where he served as the Resident Advisor for USAID's contraceptive social marketing program (SOMARC). From 1993-97 Mr. McGuire served in senior positions with The Futures Group International under SOMARC: three years in Rabat, Morocco as Deputy Regional Manager for Northwest Africa and the Middle East; and, one year in Jakarta Indonesia as Asia Regional Manager supervising projects in India, Indonesia, the Philippines and Nepal. From 1997-99 he was with the BASICS project where he developed cross sector partnerships to promote malaria prevention and the control of diarrheal disease.

A graduate of the University of Vermont with a major in French and Political Science, Mr. McGuire received a certificate in advanced studies of the European Community from the Institut Européen des Hautes Etudes International in Nice, France, where he also studied advanced international relations as a graduate student. Mr. McGuire has lived and worked extensively throughout Africa, Asia and Europe and speaks French fluently.



**RULE XI STATEMENT**

In accordance with Rule XI of the Rules of the House of Representatives, the Academy for Educational Development states that its witness has not received any Federal grant or contract during the current fiscal year or either of the two previous fiscal years. The entity represented by the witness, Academy for Educational Development, was awarded grants valued at approximately \$5,963,259 during the current fiscal year, approximately \$376,442,402 during fiscal year 2007, and approximately \$170,508,480 during fiscal year 2006. The grants were related to programs for health, education and economic development.



**STATEMENT SUBMITTED BY**

**CHRISTIAN LOUCQ, MD  
DIRECTOR  
THE PATH MALARIA VACCINE INITIATIVE**

**TO THE  
SUBCOMMITTEE ON FOREIGN OPERATIONS,  
EXPORT FINANCING, AND RELATED PROGRAMS  
COMMITTEE ON APPROPRIATIONS**

**U.S. HOUSE OF REPRESENTATIVES**

**March 18, 2008**

Madam Chairwoman and members of the subcommittee, I sincerely appreciate the opportunity to submit this testimony in support of the PATH Malaria Vaccine Initiative (MVI). I request that the Committee recommend through the U.S. Agency for International Development (USAID) at least \$5 million in funds for malaria vaccine research and development (R&D) in fiscal year 2009. The funds would benefit MVI's multiple vaccine development partners and be managed by MVI.

I want to thank you for your commitment and continued support for interventions to control malaria. Your efforts have helped to ensure continued increases in bilateral funding for malaria that are critical to the scale-up of current interventions. Funding recommendations in previous Foreign Operations appropriations bills also resulted in a multi-year partnership with the USAID Malaria Vaccine Development Program.

USAID's funding for MVI has allowed us to undertake a number of activities critical to the development, testing, and future use of malaria vaccines. In 2005, MVI and USAID partnered to establish locally a service center to evaluate the antibody response to different malaria vaccine candidates. Thanks to ongoing funding, this service center now has the capacity to process thousands of serum samples from clinical trials each year, thereby providing the kind of standardized evaluation that is crucial to the development of promising malaria vaccines.

Working with USAID in fiscal 2008, MVI will be able to continue preclinical research into promising vaccine candidates that aim to combine vaccine approaches to obtain higher efficacy. MVI will also invest in the development of a model for evaluating the efficacy of blood-stage vaccine candidates which, if successful, would represent a major contribution to the malaria vaccine field.

Finally, USAID is a highly valued partner in efforts to ensure that decision-makers in malaria-endemic countries have the data they need to make an informed decision about whether to use a vaccine. This activity is crucial to ensuring that a malaria vaccine, once available for use, will make it to those who need it most as rapidly as possible.

### **Support from Congress makes a difference**

MVI and its parent organization, PATH, applaud the United States Congress for understanding the urgency of the malaria crisis and for pledging increased resources for malaria activities and programs over the past six years. Our nation's commitment to helping to achieve the Millennium Development Goals, including the objective of halving deaths from malaria, and to provide funding through the Global Fund to Fight AIDS, Tuberculosis and Malaria are definitely praiseworthy steps.

PATH also supports the initiative to spend \$1.2 billion over five years to reduce malaria deaths by 50 percent in 15 target countries. As seen in President Bush's recent trip to Africa, this is an important initiative that is already yielding positive results. PATH is

proud to be part of efforts to combat this disease using current interventions, through its Malaria Control and Evaluation Partnership in Africa (MACEPA).

Still, malaria kills a young child or infant every 30 seconds and a pregnant woman in Africa 30 times a day. More than one million people die annually from the disease, while 500 million people suffer from acute malaria every year. Malaria's economic impact in Africa is estimated at up to \$12 billion annually, or about 1 percent of income.

Although current methods of prevention and control are having a positive impact, the race continues between drugs, bed nets, and insecticides on the one hand and the evolutionary capacity of the malaria parasite on the other. This is why development of an effective malaria vaccine is so important. Even a partially efficacious vaccine would have the potential to save hundreds of thousands of lives and to reduce the economic burden of this devastating disease.

### **U.S. funding supports collaboration and faster progress**

Currently, MVI has eight active vaccine development partnerships that span five continents. Partners include universities, corporations, intergovernmental organizations, and the U.S. military. MVI has a portfolio of 11 vaccine candidates, eight in preclinical development and three in clinical development. All but one of the vaccine candidates target *Plasmodium falciparum*, the deadliest form of malaria. One project in India is developing a vaccine against *Plasmodium vivax*, the malaria parasite found mainly in Asia. This approach has the potential to be used in combination with candidates targeting *P. falciparum*.

Results from these and past partnerships provide valuable data about which vaccine concepts work and should be advanced. As a result, we are closer than ever before to having a safe, effective vaccine that can be used in young children in Africa. At the same time, we are learning important lessons as to which candidate vaccines should continue to receive support and which should not.

In this regard, U.S. funding makes an important contribution, by fostering the kind of cooperation and collaboration among USAID, the National Institute of Allergy and Infectious Diseases (NIAID), the U.S. military, and MVI that is critical to the efficient use of resources in the search for promising malaria vaccines. Through the sharing of information and experience with the different vaccine technology approaches, those engaged in malaria vaccine development can avoid duplication of efforts and hone in more quickly on where the greatest potential for success exists.

This kind of transparency is a hallmark of our relationship with the U.S. government, including USAID. The U.S. contribution goes much further, of course, in that U.S. government funding for malaria vaccine research itself has helped move the field to where it is today—whether through small business grants to entrepreneurial organizations

with good ideas in search of financial resources, or through the kind of research supported directly by NIAID, the U.S. military, and USAID.

Increased funding is needed to continue such progress and further accelerate the development of promising malaria vaccine candidates.

#### **A first-generation malaria vaccine: closer than ever before**

In 2007, we saw continued progress in the field testing of the world's most clinically advanced malaria vaccine candidate, RTS,S, which MVI is supporting through its partnership with GlaxoSmithKline Biologicals. As noted in previous testimony by MVI, the RTS,S vaccine candidate was shown in 2004 to offer significant protection against malaria in children 1-4 years old in Mozambique.

This past October, *The Lancet* published results of a first-ever trial of RTS,S in infants. The results of this study—also conducted in Mozambique—were consistent with those for older children, showing that the candidate vaccine reduced episodes of clinical malaria by 35 percent over a six-month follow-up period starting after the first dose. The earlier, larger study had shown that RTS,S also reduced severe malaria episodes by 49 percent.

In light of these results and others from Phase 2 studies, some still underway, MVI is cautiously optimistic that a large, multi-centric Phase 3 trial of RTS,S will get underway in late 2008. This would be the first-ever Phase 3 trial of a malaria vaccine candidate.

This past year also saw another vaccine candidate under development (with Sanaria Inc.) move into production of clinical grade vaccine lots following the establishment of a new production facility in Rockville, Maryland. This was a major milestone in the development of this attenuated (weakened) whole-parasite vaccine candidate, as production of large vaccine lots had been regarded as a significant obstacle for this approach. The first trial in humans of a vaccine using this approach is scheduled for early 2009.

As a result of these and other developments in 2007, MVI believes that the question is no longer whether a malaria vaccine can be made available for use, but when. Answering that question is partly up to the U.S. government, as it makes decisions about how to invest taxpayer dollars for the greatest return and health benefit.

#### **Funding needed to accelerate a vaccine**

In 2007, the Bill & Melinda Gates Foundation—joined by the World Health Organization (WHO)—embraced the long-term goal of eradicating malaria. This is a tremendous goal to which we can all aspire.

However, no infectious disease has been eradicated without a vaccine. Indeed, vaccines have offered a highly efficient and cost-effective means of preventing disease and death. A safe and effective malaria vaccine would help complete the arsenal of weapons that we have against this deadly disease and move us closer to this long-term goal of eradication. At MVI, we believe that with today's science, the development of a highly effective, second-generation vaccine is within reach.

Achieving this kind of goal requires resources, however. There is an urgent need to rapidly scale-up malaria control efforts using existing tools, such as bed nets, indoor residual spraying, and artemisinin-combination therapies. But there also has to be continued investment in the development of new tools.

MVI is acutely aware of the need for additional resources for vaccine development, as well as for R&D around other technologies needed to eradicate malaria. Working with the Boston Consulting Group, the Gates Foundation identified an annual need of \$600 million for malaria R&D overall, including vaccines. Current spending totals approximately \$400 million.

### **Conclusion**

For all the reasons mentioned above, I urge the committee to recommend that at least \$5 million be provided in FY 2009 for the malaria vaccine research and development being carried out by MVI. Public dollars invested in malaria vaccine development are paying off and yielding concrete results. MVI is a careful steward of U.S. government resources and continues to leverage other funds.

I also encourage the committee to increase overall FY 2009 funding on malaria, including increased contributions to the Global Fund and the Global Health and Child Survival account for malaria, as well as for the other health interventions so important to the health of women and children.

Every donor is important to winning the war against malaria. But the U.S. government has always been a first among equals, helping to lead the way and encouraging others to join in. It is critical that we continue to boost malaria spending to make the most of recent successes. USAID's support for malaria vaccine development is an important piece of the U.S. government's role in this area.

Again, thank you very much for the opportunity to submit testimony today.



## **Dr. Christian Loucq**

Dr. Loucq directs the PATH Malaria Vaccine Initiative (MVI), which seeks to accelerate the development of malaria vaccines and ensure their availability and use in developing countries. Dr. Loucq has more than 30 years of experience in medicine, pharmaceuticals, vaccines, and global health. He joined MVI in February 2007, serving as Director of Strategy and Operations and as Interim Director until his appointment as MVI Director three months later.

Dr. Loucq's professional experience spans the globe: Born and educated in France, he has lived and worked in Algeria, Belgium, Chad, China, India, the Netherlands, Niger, Switzerland, Thailand, and the United Kingdom. Dr. Loucq has managed vaccine businesses in China, India, and Thailand and has been involved in most stages of vaccine development. He has worked with large vaccine companies, such as GlaxoSmithKline and Sanofi Pasteur, and biotech companies including Rhein Biotech and Acambis. He has extensive experience partnering with local governments, building public-private partnerships, and setting up local private collaborations.

Dr. Loucq earned his state doctorate of human medicine at the University of Paris X and a diploma of public health and tropical medicine from the University of Aix-Marseilles.



#### RULE XI STATEMENT

In accordance with Rule XI of the Rules of the House of Representatives, Malaria Vaccine Initiative (MVI) states that its witness has not received any Federal grant or contract during the current fiscal year or 2008, but received its final obligation of \$3,100,000 in 2007 from a Federal grant of approximately \$8,000,000 that was made to MVI in 2004. The entity represented by the witness, Program for Appropriate Technology in Health (PATH), has received Federal grants during the current fiscal year of approximately \$46,725,635 and \$36,357,432 in fiscal year 2006. The grants were related primarily to programs for advancing technologies and strengthening systems aimed at improving health in the global community.

Note: PATH's fiscal year runs from January – December.





**Statement by**

**Dwight L. Bush, Sr.  
Member of the Board of Directors  
The GAVI Fund**

**Before the**

**Subcommittee on State, Foreign Operations,  
and Related Programs  
Committee on Appropriations  
U.S. House of Representatives**

**March 20, 2008**



Madam Chairwoman and Members of the Subcommittee:

GAVI's mission is to save children's lives and protect people's health through the widespread use of vaccines. I am submitting testimony as a volunteer member of the Board of Trustees of The GAVI Fund. Thanks to the leadership of this subcommittee, the United States was among the first governments to support The GAVI Fund. I ask that the Committee continue its support for a United States contribution to GAVI for the purchase of vaccines by recommending at least \$75 million for The GAVI Fund in fiscal year 2009. I also support increased funding for the Child Survival and Maternal Health sub-account.

I would like to give my sincere thanks to you and the Subcommittee for ensuring strong US support for the mission of the Global Alliance for Vaccines and Immunization (GAVI) since its creation in 2000.

#### **INCREASED SUPPORT FOR VACCINES**

Thanks to the support from the United States and a growing number of other donor governments, GAVI has been able to commit over \$2.6 billion to 72 of the world's poorest countries for purchase of vaccines and safe injection equipment, and to strengthen their immunization services. The United States has played a leading policy making role on the GAVI Alliance board and in the GAVI technical Working Group from the outset.

Another key ally in this global challenge is the Bill and Melinda Gates Foundation which now has committed a total \$1.5 Billion over 15 years to GAVI. The result of all of this support at a global level is that the GAVI Alliance has been able to reverse the decline in rates of immunization in the poorest countries, particularly in Africa. 2007 figures based on WHO and UNICEF estimates indicate that basic immunization rates in the region have risen from approximately 65% in 2000 to almost 75% over the past 7 years.

#### **PROGRESS HAS BEEN MADE**

As a result of the support received to date:

- 36.8 million additional children have received the required 3 doses of diphtheria, tetanus and pertussis vaccine (DTP3)
- 158.6 million additional children have received three doses of Hepatitis B vaccine (HepB)
- 28.3 million additional children have received three doses of Haemophilus influenzae type B vaccine (Hib)



- Most critically, 2.9 million premature deaths have been prevented as a result of GAVI's support to these countries.

### **THE GAVI ALLIANCE**

The GAVI Alliance is an effective public-private health partnership that includes all of the main stakeholders in immunization: UNICEF, WHO, the World Bank, the Gates Foundation, vaccine producers, civil society and governments.

In addition, through the volunteer GAVI Fund Board of Directors, which I represent today, the Alliance includes strong financial management and business expertise to ensure proper stewardship of the support provided by our donors. For example, I am a banker, former CEO of the Urban Trust Bank and a finance specialist.

I can attest to the capable leadership, hard work and commitment of the GAVI team and its immunization program counterparts in developing countries. Working together we have successfully protected vulnerable children against such deadly diseases as Hepatitis B. Hepatitis B is one of the major diseases afflicting mankind, a principal cause of liver cancer, and is a serious global public health problem. It is preventable with safe and effective vaccines that have been available in wealthier countries since 1982.

Of the 2 billion people who have been infected with the hepatitis B virus (HBV), more than 350 million have chronic (lifelong) infections. Thanks to support from the US and other donors, the coverage rate for Hepatitis B in the GAVI eligible countries has risen from only 5% in 1999 to over 60% by end of 2007.

### **GAVI EXPERIENCE**

I have been impressed by GAVI's results in countries such as Rwanda. A turnaround in health service provision has significantly increased Rwanda's DTP3 coverage. An early adopter of Hib vaccine, Rwanda has administered DTP3 combined with hepatitis B and Hib in a five-in-one pentavalent vaccine since 2002. Rwanda has received GAVI support for immunisation services and new and underutilised vaccine support since 2000, and was approved for health systems strengthening support in June 2007.

The increased coverage is a result of coordinated efforts at all levels. Rwanda's commitment to co-financing is evidence of this commitment: one of the world's poorest countries with an income per capita of US\$230 in 2006, the country fully pays for its traditional vaccines, and aims to increase co-payment to full funding of its new vaccines by 2015. .

Cameroon is another GAVI country where DTP3 coverage has increased from a low of 58 per cent at the start of GAVI support in 2001 to 81% in 2006. In fact, the country has received rewards for its progress every year. .



The support from GAVI has been a key catalyst for success in Rwanda and Cameroon.

#### THE NEXT STEPS

The real challenge is to expand and scale up these successes in ALL of the poorest countries to insure that the Millennium Development Goal of child mortality reduction by two-thirds by 2015 is met. Additional support from the US and other donors will be critical to our ability to scale up.

To place this global health and immunization challenge into context:

- Diseases and insufficient health care kill almost 10 million children each year in poor countries.
- Up to 25% of these child deaths are preventable by routine vaccination against a limited number of diseases such as diphtheria, pertussis, tetanus, measles, tuberculosis, Hepatitis B, Hib and yellow fever.
- The vaccines against these diseases are widely used in industrialized countries but in the case of Hepatitis B and Hib, their introduction into the poorest countries began with GAVI eight years ago.
- More than 1 million children die each year from pneumococcal and meningococcal disease and diarrhoea caused by the rota virus. The GAVI Alliance has just approved adding the new vaccines now available against these diseases to our menu of support offered to countries.

#### FUNDING FOR FISCAL YEAR 2009

Madam Chairwoman, the GAVI Alliance was created seven years ago to save children's lives and to improve health care in the poorest countries. The above figures confirm that GAVI is achieving results and living up to its mandate.

GAVI will now use that foundation to expand its impact and to solidify the gains in the 72 GAVI-eligible countries. However, it will need renewed and increased support to do this. I urge the Committee to recommend \$75 million for The GAVI Fund as part of the State, Foreign Operations fiscal year 2009 appropriations and support increased funding for the Child Survival and Maternal Health sub-account.

I close my statement for GAVI where I began, with repeated thanks for the unwavering support of the Congress and, particularly, of this Subcommittee.

Data Source: GAVI Alliance  
Map Production: Public Health Mapping and GIS  
International Health Regulations Coordination/CD  
World Health Organization



UNICEF/ HQ00-0248/Giacomo Pirozzi

**Dwight L. Bush**

Dwight L. Bush is Managing Partner of D.L. Bush & Associates, a financial advisory and investment firm located in Washington, DC. He formerly served as Chairman and CEO of Urban Trust Bank. Mr. Bush has nearly 30 years of corporate banking, private equity and strategic financial management experience. His career includes roles as a financial transaction professional and as a corporate officer. Prior to Urban Trust Bank, he was a Principal at private equity firm, Stuart Mill Capital LLC and President of Sallie Mae. Mr. Bush started his career at The Chase Manhattan where he worked for 15 years, leaving as a Managing Director. In addition to the GAVI Fund, Mr. Bush is also currently a Trustee of Cornell University and the National Symphony Orchestra. He is also a member of the board of directors of Enremed, Inc. Mr. Bush resides in Washington, DC.



#### RULE XI STATEMENT

In accordance with Rule XI of the Rules of the House of Representatives, The GAVI Fund states that its witness has not received any Federal grant or contract during the current fiscal year or either of the two previous fiscal years. The entity represented by the witness, The GAVI Fund, has not received grants during the current fiscal year, and received grants of approximately \$69.30 million during fiscal year 2007, and approximately \$69.30 million during fiscal year 2006. The grants were related to programs for immunization.

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**World Hunger Education Service Testimony before the House Foreign Operations  
Subcommittee  
Would the United States government pass the 'good Samaritan' test?  
Submitted March 20, 2008**

I am Lane Vanderslice, board member of the World Hunger Education Service (WHES) and editor of its principal publication Hunger Notes ([www.worldhunger.org](http://www.worldhunger.org)). WHES has been in existence for 33 years informing people about world hunger and poverty issues. WHES has not received funding from the United States Government in any of the past three years. We would like to thank this committee for its long record of permitting public testimony. Foreign policy is too important to be left to the foreign policy apparatus.

In this testimony, we are principally criticizing the current United States security/foreign policy approach. In addition we make observations about funding.

We have no problem with the United States government having as a principal focus protecting the United States from possible foreign threats including military measures. However, the United States has basically embarked on a course which

- overemphasizes its own security
- has a concept of its own security which is in fact narrowly conceived, and which vastly overemphasizes a military response to that security.

Let us look at the facts. For 2007 in the discretionary U.S. budget (basically one that does not include Medicare and Medicaid)

Discretionary budget (all numbers in \$billions)

Security funding \$498

Non-security funding \$382

Supplemental budget

Security funding \$184

Non-security funding \$8

Total security funding \$682

Total funding \$1072<sup>†</sup>

**Thus 64 percent of the U.S. budget is used for U.S. security. This is appalling.**

We note in passing that this (what we believe to be) overemphasis on security has had important consequences for the American people in addition to the one we discuss more fully below, including inaction on vital economic security issues facing large numbers of U.S. citizens.

These economic security issues include:

- 36.5 million Americans — roughly one in eight — live in poverty. Today's poverty rate is higher than it was during the last recession.



- Some 12.6 million households, containing 35.5 million people, lacked access to adequate food at some point during the year because they didn't have enough money for groceries.
- 16 million low-income households either paid more for rent and utilities than the federal government says is affordable or lived in overcrowded or substandard housing.
- 47 million Americans — more than one in every seven — did not have medical insurance. This number has risen every year.

Now let us turn to the security budget.

The major criticism we have is just this. The security budget is almost entirely defined as protecting us against enemies. This should be done. But security is much more than that. It is understanding people and helping them (or permitting ourselves to be helped, if we need help). The major way in which security has happened in history is not that enemies have been conquered, but that people have agreed not to fight and to live in peace. The foreign policy apparatus of the United States, including this committee, needs to focus its policy much more on understanding others and helping them. One quote from the Bible illustrates the needed direction. (A similar message of understanding and helping others, especially those in need, is a key element of other major religions.)

On one occasion an expert in the law stood up to test Jesus. "Teacher," he asked, "what must I do to inherit eternal life?" "What is written in the Law?" he replied. "How do you read it?" He answered: " 'Love the Lord your God with all your heart and with all your soul and with all your strength and with all your mind'; and, 'Love your neighbor as yourself.'" "You have answered correctly," Jesus replied. "Do this and you will live." But he wanted to justify himself, so he asked Jesus, "And who is my neighbor?"

In reply Jesus said: "A man was going down from Jerusalem to Jericho, when he fell into the hands of robbers. They stripped him of his clothes, beat him and went away, leaving him half dead. A priest happened to be going down the same road, and when he saw the man, he passed by on the other side. So too, a Levite, when he came to the place and saw him, passed by on the other side. But a Samaritan, as he traveled, came where the man was; and when he saw him, he took pity on him. He went to him and bandaged his wounds, pouring on oil and wine. Then he put the man on his own donkey, took him to an inn in Jericho and took care of him. The next day he took out two silver coins and gave them to the innkeeper. 'Look after him,' he said, 'and when I return, I will reimburse you for any extra expense you may have.'

"Which of these three do you think was a neighbor to the man who fell into the hands of robbers?"

The expert in the law replied, "The one who had mercy on him." Jesus told him, "Go and do likewise." (Gospel of Luke, chapter 10 verses 25-37.)

What mercy has the U.S. government--our government-- had? We have the capability to 'project force' everywhere, and do so when our government feels it is necessary, We are

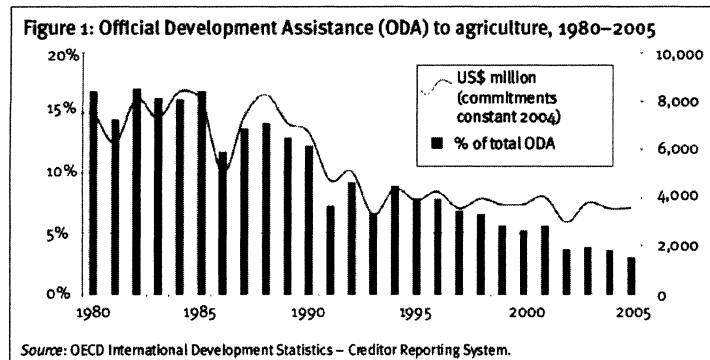
now engaged in very large wars in Afghanistan and Iraq, our sea power roams the seas of the globe, we are setting up a new military command in Africa, we have bombed villages in Somalia in order to try to kill suspected terrorists who may have been in the villages, we have been willing to finance wars in many countries including Nicaragua and El Salvador.... Our security force is very large but where is our mercy? To discuss this, we now turn to the function 150 account.

The function 150 account is part of the security budget, and it does include 'security of others' items. Running down the list of State Department and other international programs<sup>2</sup>, we estimate that of the total of \$25,896 billion outlays in 2007, \$14.107 billion or approximately 55 percent could be counted as security of others expenditure.<sup>3</sup> So using this approximate measure for the security of others expenditure, we have: security of others as a proportion of total U.S. security expenditure equals \$14 billion divided by total U.S. security budget of \$682 billion. **Thus expenditure on the security of others is approximately 2 percent of the U.S. security budget. This is far from sufficient.** Both the overemphasis on our own security, especially the military emphasis, and our minimal concern for the welfare of others, is a fundamental problem in our relations with the developing world.

**Two areas where much more should be done: assisting developing country agriculture and reducing malnutrition among pregnant women and the very young.**

#### *Agriculture*

Agriculture's share of Official Development Assistance (ODA) declined sharply from 1985-86 to 2005-06, from over 12 to just 3.1 percent.<sup>4</sup> In absolute terms, support for agriculture went from a high of about \$8 billion in 1984 to \$3.4 billion in 2004.<sup>5</sup> Although donors have declared that they wanted to increase their support for agriculture and rural development, these declarations have not resulted in actual funding increases for agriculture, as Figure 1 below shows.<sup>6</sup>



This is certainly true for the United States, where the proliferation of initiatives and earmarks from both the administration and Congress has tended to squeeze out funding for

agriculture.<sup>7</sup> WHES supports substantially increased funding for agriculture, including support for the International Fund for Agricultural Development's new replenishment.

*Child malnutrition*

This subcommittee has been a long-term supporter of Child Survival efforts. We commend the subcommittee for its concern. We would like to call attention to a key issue: malnutrition is still the largely preventable cause of 2.2 million—approximately 25 percent—of all child deaths. We believe that this key issue needs to be addressed.

In summary: We believe that the United States does not focus sufficiently on the security of others, especially ordinary people, using avenues of cooperation opened up by this approach to achieve a greater level of security for all. We urge this subcommittee and full committee to take the lead in funding cooperative efforts that address key needs of developing countries by—if need be—reducing other aspects of U.S. security funding. We have mentioned—too briefly—two desirable areas for such increased cooperation.

Thank you for the opportunity to present this testimony. We would be happy to provide a written response to any questions you may have.

<sup>1</sup> Office of Management and the Budget Summary tables  
(<http://www.whitehouse.gov/omb/budget/fy2009/pdf/budget/tables.pdf>)

<sup>2</sup> State Department *Summary and Highlights Function 150*  
<http://www.state.gov/documents/organization/100014.pdf>

<sup>3</sup> Not counted as 'security of others' expenditure: Economic Support Fund, International Narcotics and Law Enforcement, Andean Counterdrug Initiative, Foreign Military Financing, and Broadcasting Board of Governors. Counted as half 'security of others', half U.S. security: Department of State (DS) Diplomatic and Consular Programs, Embassy Security Programs, and Non-proliferation, Anti-terrorism, and Demining Programs

<sup>4</sup> OECD/DAC, Statistical Annex of the 2007 Development Co-operation Report, December 2007

<sup>5</sup> WDR, pp 41-42. While this decline was common to bilateral as well as multilateral aid, the decline in the latter was more pronounced.

<sup>6</sup> FAO, *Reducing Poverty & Hunger*

<sup>7</sup> Currently, only about 4 percent of the USAID budget is available for unencumbered use to promote the largely microeconomic reforms that can speed economic growth in poor countries. Another 20 percent or so is available for promoting economic growth in a particular sector or for a particular country or region. For all donors, aid directed at agriculture and economic growth (including economic support infrastructure) amounted to 19 percent of the total. (OECD DAC 2005 statistical Annex)

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EXPERIENCE

Editor, Hunger Notes, 1995 to present

Research Analyst, Academy for Educational Development, 1992-2006

Policy Analyst, National Council for International Health, 1989-1991.

Policy Analyst, Bread for the World, 1980-1989.

Assistant Professor, University of Notre Dame, 1974-1980.

Visiting Professor, Instituto Politecnico Nacional (Graduate Economics Section), Mexico City, Mexico, Summer 1974.

Assistant Professor, Rutgers College, 1972-1974.

Professor (Rutgers Visiting Professor), University of La Paz, La Paz, Bolivia, 1969-1971.

Assistant Professor, University of Michigan--Dearborn, 1968.

EDUCATION

University of Michigan. Ph.D. in economics with specialization in economic development and econometrics.

University of Michigan. A.B. in philosophy.

**Written Testimony  
House Subcommittee on State, Foreign Operations,  
and Related Programs**

**Stephen F. Moseley  
Board Chair – Basic Education Coalition  
President and CEO – Academy for Educational Development  
March 20, 2008**

My name is Stephen F. Moseley. I am Chairman of the Basic Education Coalition, a group of 19 humanitarian and development institutions working to ensure that the world's children receive a quality basic education. I am also president and CEO of the Academy for Educational Development (AED), a non-profit organization with more than four decades of experience working in education, health and other social sectors in the United States and 80 other countries. On behalf of the Basic Education Coalition, I am pleased to submit this written testimony to the House Appropriations Subcommittee on State, Foreign Operations and Related Programs. This request concerns funding for U.S. international basic education programs, and respectfully seeks \$1 billion for fiscal year 2009, with at least \$500 million of that amount from the Development Assistance account.

We sincerely thank Chairwoman Lowey and Ranking Member Wolf for their strong and consistent leadership in providing hope and opportunity to the world's children. We applaud particularly Mrs. Lowey's leadership in the effort to ensure that all children have access to a quality education. Mrs. Lowey's work, along with the work of all the members of this Subcommittee, has focused the world's attention on the plight of some of the most vulnerable victims of poverty and neglect – children.

Basic education is the cornerstone for success in sustainable development across all sectors. It has a deep impact on the future of individual children, their families, communities and nations. A population that is able to read, write and think critically is far more likely to achieve democracy, economic growth, and improved health.

Thanks to the Subcommittee's leadership, U.S. investment in basic education in the developing world has increased significantly over the last several years. The value of investing in basic education has also been recognized by our allies overseas. Norway, the Netherlands, Ireland and the United Kingdom, in particular, have made extraordinary funding commitments. This important U.S. support joins with the global commitment of almost all nations to meet the goals of Education for All (EFA), which call for investment to provide early childhood education; universal primary education for all children, particularly girls, ethnic minorities, and children in difficult circumstances, such as children with disabilities; reduction in illiteracy rates among adults and youth who have dropped out of school; and providing and improving the quality of primary and secondary education for all.

There has been real progress towards the EFA goal of all children completing primary education by 2015. The number of out-of-school children has declined from 96 million in 1999 to 72 million in 2005. In Sub-Saharan Africa, 9 million fewer children are out of school, and in South

and West Asia, the progress is even greater--14 million fewer children are without access to education in that region.

Much more remains to be done. There are huge disparities in these statistics. 45% of all out-of-school children reside in sub-Saharan Africa, the largest regional percentage by far. Of the 72 million children who are not in school, 57% are girls. Roughly 37% of all out-of-school children are in the world's fragile states, and are often the hardest to reach. Rural children, slum children, poor children and disabled children are particularly marginalized.

Just as importantly, too many children in this world still lack access to a quality basic education. While we are making progress at getting kids in school, tens of millions of them are dropping out before fifth grade, reflecting continuing problems of unsafe, overcrowded and poorly equipped schools with inadequately trained teachers. High levels of grade repetition also plague many countries, with the highest numbers again in sub-Saharan Africa. Addressing quality requires focusing on improving teaching and teachers, materials, schools, and the relevance of what children are learning. Very few developing countries give any attention to the critical needs for preschooling and early childhood development, or to the special needs of children with physical and learning disabilities, and there is a need to address the literacy needs of a very large population of youth who have dropped out or failed to be enrolled in school as children so they will become productive citizens.

An estimated global contribution of \$11 billion is needed annually to meet the internationally agreed upon target of education for all by 2015. The U.S. proportionate share, based on an average U.S. contribution to international initiatives of 25%, would bring the U.S. target to roughly \$3 billion. We recognize the many funding needs of other important programs and priorities, and respectfully urge the Subcommittee to demonstrate continued U.S. commitment to basic education by robustly increasing funding for these programs to \$1 billion in Fiscal Year 2009.

The United States has a real opportunity right now to demonstrate our continuing leadership on this important issue. Your FY'08 Appropriations bill required the President to develop a comprehensive integrated U.S. government strategy to provide assistance in developing countries for basic education. At the same time, there is increasing support among policymakers for incorporating the elements of "soft power" into our national security strategy to a greater degree. Basic education stands as a critical element of that approach.

Over the years, U.S. funding for basic education through USAID has helped enroll more children in school, worked to ensure that children are learning in school, and developed the capacity of communities to improve their children's schooling in countries as diverse as Ethiopia and Egypt, Guinea and Guatemala. Basic education monies go toward improving the quality of education, with projects that train teachers, improve accountability of school systems, and create curricula relevant to a country's workforce. Senegal, Morocco, Belize and El Salvador are among those nations that have achieved significant progress in learning outcomes based on national assessments.

To reach the true promise of EFA, children must be learning. USAID needs sufficient resources to conduct substantive, technical research on learning outcomes, and to be able to accurately measure those outcomes in basic education programs. As a starting point, Basic Education

Coalition members have offered input to USAID so that it can better assess and measure learning outcomes on basic education projects with components that focus on the teaching-learning process in the classroom, and in non-formal learning environments. But this task cannot be realized unless USAID has the internal capacity to assess and measure learning outcomes on a systematic basis.

In the President's FY'09 budget request, the Administration has sought \$92 million to strengthen and invest in USAID's Foreign Service Officer Corps, including the hiring of an additional 300 Foreign Service Officers. However, only 11 of those positions are for education officers. We should be allocating a greater percentage of USAID resources to hiring skilled education specialists so that USAID can effectively manage and evaluate the programs in place, and increase its positive impact through additional programs.

Former developing countries that have prospered economically and graduated from U.S. foreign aid programs—South Korea, Thailand, Botswana and Ecuador, for example—are those where education assistance, significantly from the United States, helped stimulate and leverage their successful education development from the 1960s to the 1980s. Those very targeted education investments, in-country and through training of education leaders, have been one of the most important ingredients in their success. Coupled with specific measures to build trade capacity and sound economic policy in developing countries, the U.S. foreign aid investment in education will have the same positive economic impact and will improve the lives of the poorest people on earth during our lifetimes. It will also help us achieve our diplomatic and foreign policy goals.

Indeed, the benefits of education are diverse and profound:

- Education builds national security. The National Security Strategy recognizes that, "literacy and learning are the foundation of democracy and development."
- Education builds civil society. It fosters tolerance and understanding and promotes democratization and stability. An educated citizenry that is capable of making informed decisions, voicing opinions, and holding elected officials responsible is essential for democracy to survive and flourish. And, as secondary school enrollment increases, government corruption decreases.
- Education builds stronger economies. No country has reached sustained economic growth without achieving near universal primary education. Countries that improve literacy rates by 20-30% have seen increases in gross domestic product of 8-16%. Adults with a primary school education earn twice as much as adults without any schooling and every one year of additional education increases individual output by 4 to 7%.
- Education protects against HIV/AIDS. Girls who stay in school delay sexual activity and have fewer partners, reducing their risk of infection with HIV/AIDS. Young people with little or no education are more than twice as likely to contract HIV as those who have completed primary education. Oxfam estimates that if all children completed primary education, 700,000 new cases of HIV/AIDS in young people could be prevented each year, totaling seven million cases in a decade.

- Education builds stronger and healthier families. Educated women marry later and have healthier children. Their children have higher survival rates, better health and nutrition, and are more likely to attend and succeed in school. An additional one to three years of mother's schooling is associated with a 20% decline in the risk of childhood death.
- Education protects children in emergencies and conflicts. Schools provide security and a sense of normalcy for children in emergency or conflict situations. Access to quality education is one of the best ways to prevent child labor, child soldiers and trafficking in children, and schools help to reintegrate children returning home after conflict.

Combating terrorism and increasing global stability are vitally important goals of our nation's diplomacy and development efforts. Education discourages children from engaging in armed conflict or terrorist activities, and works to decrease the number of nations and fragile states that can harbor terrorists. While education cannot prevent terrorism entirely, we know absolutely that a literate, educated and engaged public and their children ensure stability and greater prosperity and, therefore, the prospects for greater peace in troubled areas of the world.

Parents everywhere share the desire for their children to be educated. The developed world, and this country in particular, has the knowledge and expertise to get children into school and keep them there. We have brought innovations such as radio instruction and the newest wireless and computer technologies to improve teaching techniques and increase the quality and breadth of education in the countries where we operate. USAID-funded programs also have introduced creative approaches to improve access and quality.

It is up to all nations to work toward achieving universal primary education. While the financial burden of educating a country's children is carried primarily by its government, assistance from industrialized countries often proves to be the catalyst for progress—a sign of approval, if you will—that communicates to those working in-country that they are headed in the right direction and encourages other donors to increase their funding levels. U.S. foreign aid for education helps to leverage a country's initial investment in quality and access. Modest, targeted and project-based U.S. investments magnify the impact of country programs, improving efficiency of spending and quality of efforts while allowing national governments to take projects to scale. These small but critical contributions lead not to new dependency, but rather to sustainability.

In developing countries, our nation can, with this requested increase in foreign aid funding for education, help meet our international commitment to the goal of Education for All. We have the chance to build a world of justice and opportunity for all children, a world in which our own children will also have a safer and more secure future. There is no single better investment than ensuring access to a quality basic education for all.

Thank you for the leadership taken by the Subcommittee on this important issue. Our Coalition greatly looks forward to working with all of you to ensure all children have access to a quality education.





**Academy for Educational Development**  
Connecting People > Creating Change

**Stephen F. Moseley**  
**President and Chief Executive Officer**  
**Academy for Educational Development**

Stephen F. Moseley joined the Academy in 1970 and has served as AED's president and chief executive officer since 1987. Founded in 1961, AED is an independent, nonprofit organization committed to solving critical social problems in the U.S. and throughout the world through education, research, training, social marketing, policy analysis and innovative program design.

Under Mr. Moseley's guidance, AED has become one of the leading non-governmental organizations working in the areas of education and exchange, health, youth development and the environment. Currently the Academy runs more than 250 programs throughout the world serves 167 countries with technical assistance, education, training and international visitor programs. AED works in partnership with governments, foundations, multilateral agencies, businesses, and public and private educational institutions.

In his career at AED, Mr. Moseley has held progressively greater responsibility for international operations, overseeing a wide range of groundbreaking educational programs. He has directed projects in Asia, Africa, Latin America and the Middle East. In 1979 he was appointed executive vice president of the Academy and director of the International Division. Mr. Moseley began his career at the nonprofit Education and World Affairs, later renamed the International Council for Educational Development.

Currently, Mr. Moseley is chairman of the Basic Education Coalition. A past president of the Washington Chapter of the Society for International Development, Mr. Moseley now serves as Treasurer for SID-International and sits on its Governing Council. He is vice chairman of the Coalition for American Leadership Abroad, serves on the boards of InterAction and U.S. Global Leadership Campaign, is a member of the steering committee of the International Educational Training Coalition, and is a member of the Advisory Committee on Voluntary Foreign Aid. He is also a member of the Board of Directors of the United Nations Association/National Capitol Area.

Mr. Moseley graduated with a B.A. in English from the University of Hartford in 1967. In 1989 he was awarded a Doctor of Humane Letters, Honorary Degree, by his alma mater, and in 1997 he was elected to the University of Hartford's Board of Regents. Mr. Moseley is also active in the working committee of UNESCO for Education for ALL (EFA).

May, 2007

**Statement by William H. Neukom, President of the American Bar Association, Submitted to  
the Subcommittee on State, Foreign Operations and Related Programs, Committee on  
Appropriations, U.S. House of Representatives - March 20, 2008.**

Madam Chair Lowey, Ranking Member Wolf and Members of the Committee:

My name is William H. Neukom and, as President of the American Bar Association (ABA), I am pleased to submit this statement to the Committee expressing the ABA's support for increased funding for agencies and programs that support international rule of law initiatives. With each passing year, the ABA has placed greater emphasis on its own overseas rule of law promotion efforts, recently consolidating its rule of law programs - - including the Central European and Eurasian Law Initiative (CEELI) - - under the umbrella entity called the **ABA Rule of Law Initiative**. On behalf of the ABA and its Rule of Law Initiative, I respectfully request that the Committee in fiscal year 2009: (1) direct continued funding for programs in Europe and Eurasia at not less than FY08 funding levels for each country in which the ABA Rule of Law Initiative (through its CEELI program) has a presence; (2) direct expanded funding for ABA rule of law programs funded by the U.S. Agency for International Development and the Department of State in Asia, Africa, Latin America and the Caribbean, and the Middle East and North Africa; and (3) recommend that ABA programs continue to be funded through cooperative agreements.

In the U.S., the ABA's leadership role in promoting the rule of law worldwide is exemplified by the International Rule of Law Symposium it conducted in Washington, D.C. in November 2005, an event that brought together leaders from 40 countries from the private sector, government, and civil society. That event, at which Chair Nita Lowey spoke, underscored the centrality of the rule of law in solving today's pressing global problems, including terrorism and conflict, public health crises, and lagging economic development and poverty in the developing world. The ABA conducted a follow-on Symposium in Chicago in September 2006, and in 2007, the ABA launched the World Justice Project, which is mobilizing leaders and reformers from disparate sectors (e.g., public health, religion, labor) from around the world to add depth and diversity to current rule of law promotion efforts. The World Justice Project is developing a worldwide Rule of Law Index and has commissioned research on rule of law issues by, among others, two Nobel Prize laureates, and the Project will host a World Justice Forum in Vienna, Austria in July 2008. There, leading reformers from around the world and representing many disciplines will devise concrete plans to more vigorously promote the rule of law around the world.

**CORE PRINCIPLES AND FOCAL AREAS:**

Four principles govern the ABA's law reform programs in over 40 countries in Africa, Asia, Central and Eastern Europe and the former Soviet Union, Latin America and the Caribbean, and the Middle East and North Africa. ABA projects (1) are responsive to host country needs and are implemented in partnership with local reformers, to ensure sustainability of the reform effort; (2) provide neutral, comparative advice; (3) draw on *pro bono* expertise whenever possible; and (4) rely on project implementers bound by strict conflict-of-interest guidelines. As the world's largest voluntary association, the ABA draws upon more than 400,000 members, leveraging U.S. foreign assistance dollars with well over \$200 million in *pro bono* assistance since 1990. The ABA's overseas projects are organized into seven substantive "focal" areas, each of which is described below.

**1. JUDICIAL REFORM:** Because judicial independence is so central to the rule of law, the ABA devotes much energy to its promotion. Examples of the ABA's work in the area of judicial reform include: supporting the development of codes of judicial conduct in **Jordan, Bahrain** and **Morocco**, and developing a companion benchbook and training course; addressing crippling case backlogs in the **Philippines** through a small claims court pilot project and by training judges on ways to expedite courtroom proceedings; assisting Armenian judges in their effort to adopt a more common law-type approach to case precedent by training every judge in **Armenia** on this topic; assisting in the development of an innovative e-learning curriculum to train judges on international human rights law and the implementation of new family law codes in **Algeria** and **Morocco**; assisting the judiciary in **Liberia** to establish Liberia's first ever judicial training institute.

**2. ANTI-CORRUPTION/PUBLIC INTEGRITY.** The ABA assists countries in combating corruption by helping draft and implement legislation on such vital issues as money laundering, conflicts of interest, procurement, ethics codes for civil servants, and greater public access to information. Examples of the ABA's work in this area includes: deploying regional anti-corruption advisors in **Kenya, Ukraine** and **Thailand** to support anti-corruption efforts in East Africa, Eurasia, and the Asia-Pacific regions; providing expert advice on **Peru's** asset recovery statute; integrating anti-corruption courses into public legal education programs for secondary school students in **Kyrgyzstan**; assisting the **Kosovo** Chamber of Advocates, Kosovo Judges Association, and the Kosovo Prosecutors Association in launching a joint anti-corruption strategy; providing guidance on tracing, freezing, confiscating and repatriating the proceeds of corruption in **Asia** by, among other things, participating in a major regional conference on asset recovery at the Asian Forum on Corporate Social Responsibility; providing training on judicial ethics in **Thailand**, in cooperation with the Thai Supreme Court and Thai Lawyers Council.

**3. LEGAL PROFESSION REFORM.** The ABA works to enhance the competence and capacity of the legal profession to serve as a guarantor of the rule of law, including through advocacy on behalf of civil society and the rights of ordinary citizens. Examples of the ABA's work in this area include: developing a Public Interest Legal Advocacy Program in **Cambodia** that represents poor and marginalized citizens in high-impact litigation involving illegal land seizures; partnering with a local bar association to develop an e-learning continuing legal education program for lawyers in **Serbia**; supporting the efforts of bar associations in **East Africa** to increase the provision of legal aid to low income women and children; supporting the establishment of the first-ever Women's Bar Association in **Azerbaijan**; supporting the development of sustainable bar associations in **Georgia** and **Armenia** to increase the professional skills of lawyers, establish effective disciplinary mechanisms, and to advocate on behalf of the legal profession; supporting the development of sustainable continuing legal education models in **Russia**; training a cadre of lawyers in **Turkmenistan** to provide *pro bono* legal services to communities in rural provinces; developing the skills and cross-border networks of an elite cadre of defense attorneys in the Central Asia republics of **Kazakhstan, Kyrgyzstan, Tajikistan** and **Uzbekistan**; training **Chinese** prosecutors and lawyers on death penalty case procedures; working with the **Nepal** Bar Association to ensure the voice of the country's legal profession is heard in connection with the ongoing constitutional reform process.

**4. HUMAN RIGHTS AND CONFLICT MITIGATION.** The ABA continues to play a crucial role in a number of ongoing international conflict mitigation efforts by increasing awareness of international human rights standards and humanitarian law, documenting human rights abuses, promoting accountability, and improving access to the courts. Examples of the ABA's work in this area

include: in **Kyrgyzstan**, creating an innovative program to teach human rights, religious tolerance, gender rights, and basic legal principles to hundreds of young male and female students in five madrassas (Islamic religious institutes); in **Tajikistan**, establishing a pilot course on human rights at the Islamic University; supporting the development of a human rights law curriculum at La Sagesse University in **Lebanon**, where classroom-based learning is supplemented with innovative externships and clinical work with numerous NGOs.

**5. LEGAL EDUCATION REFORM.** The ABA supports legal education reform by helping law schools reform their curricula and by fostering critical thinking skills through practice-based programs such as moot court competitions, externship programs, and *pro bono* clinics. Examples of the ABA's work in this area include: helping to build a network of law school clinics in **Georgia**, **Azerbaijan** and **Armenia** that serve the dual purpose of training law students to become effective advocates and of providing indigent clients with *pro bono* legal representation; working with university administrators in **Kosovo** to adopt ABA-sponsored courses in practical skills and legal simulation clinics into the university's permanent curriculum; helping to rebuild **Liberia's** national law school and developing a legal aid clinic that will give rise to a cadre of legal professionals committed to protecting human rights and rebuilding the country's legal system; developing legal ethics courses for law schools in both **Cambodia** and **Thailand**. In addition to its work with law schools, the ABA has been devoting greater resources to promoting public legal education and a "culture of lawfulness" through the use of mass media campaigns that teach citizens about their legal rights. ABA projects in this area include: developing a series of public service announcements (PSAs) in **Armenia** on issues such as constitutional rights, gender equality, voting rights and corruption which were so successful that television stations aired them free of charge throughout the country.

**6. GENDER ISSUES.** Lack of gender equality is a major stumbling block to promoting the rule of law. Examples of work the ABA has undertaken in this area include: providing technical assistance and capacity-building support to the Arab Women's Legal Network, a professional organization of women legal professionals from 16 countries in the **Middle East and North Africa**; launching a legal aid program in **Liberia** that not only provides *pro bono* legal services to victims of gender-based violence but also provides trauma counseling and referrals to other crucial services, including vocational training; working with the **Kosovo** Chamber of Advocates to develop a women and minorities committee and creating a strategy to address under-representation of women in the legal sector; providing legal aid on gender-based violence in the **Russian Far East** and working with Russian NGOs, Justices of the Peace, police, prosecutors and public officials to increase cooperation and coordination on domestic violence; assisting victims of gender-based violence in the Democratic Republic of Congo seek legal redress through the courts and other means.

**7. CRIMINAL LAW REFORM/ANTI-HUMAN TRAFFICKING.** The ABA assists in implementing reforms aimed at combating traditional criminal activity as well as the explosion of newer forms of criminal conduct, including human trafficking, money laundering and cyber crime. Examples of work the ABA has undertaken in this area include: helping **Ecuador** to reform its criminal justice system from an inquisitorial to an adversarial one with advanced trainings for police, prosecutors and judges on building a criminal case; assessing anti-human trafficking efforts in **Mexico** using the ABA's Human Trafficking Assessment Tool; partnering with local organizations to provide anti-human trafficking education and legal assistance to victims in the rural regions of **Moldova**; providing assistance to strengthen and sustain **Armenia's** first-ever Public Defender's Office, which provides legal aid throughout the country; assisting in both the introduction and

implementation of jury trials in **Georgia**; training of trainers in **China** for a pilot project that relies on online e-learning courses to increase access to training for criminal defense lawyers, thereby increasing the quality of representation in criminal cases; assisting countries in the **East Africa** region to draft national and regional laws that protect trafficking victims and hold traffickers accountable; training prosecutors, judges, immigration officers and police in **Nigeria** on combating and prosecuting human trafficking cases.

#### **METHODS OF ASSISTANCE:**

The ABA's technical assistance efforts are carried out primarily by members of the American legal profession, a significant number of whom serve on a *pro bono* basis for periods of up to 1-2 years. These individuals work in tandem with host country legal professionals in the roughly 40 countries in which the ABA has a presence. While the ABA's main emphasis is on providing technical assistance through its overseas offices, the ABA takes pride in providing "thought leadership" in the area of global rule of law promotion. This aspect of the ABA's rule of law work is exemplified by the Rule of Law Symposia referenced above, and the work of the Rule of Law Initiative's Research and Program Development (RPD) office in Washington, D.C. The RPD Office continues to focus on the development and implementation of the Rule of Law Initiative's assessment tools and other research and analytical tools that strengthen programs and help advance the work of other organizations active in the field of rule of law promotion. For example, the ABA's reports are relied upon by decision makers at the U.S. Department of Justice, Department of State, the World Bank, USAID, and other institutions, and they help shape policy and programming decisions about where future assistance is most needed or effective. The RPD office also conducts assessments of draft legislation at the request of legislative bodies throughout the world.

In addition to partnering with host country institutions, the ABA also works collaboratively with a variety of foreign and multilateral institutions, such as the Organization for Security and Cooperation in Europe, the Council of Europe and the United Nations. For example, the ABA's partnership with the United Nations Development Programme (UNDP) – the International Legal Resource Center – has provided support, typically on a *pro bono* basis, to UNDP governance and rule of law programs in approximately 85 countries. The ABA also works closely with The CEELI Institute in Prague, Czech Republic, a public-private partnership that provides reformist judges, lawyers and government officials with extensive training on topics as varied as protection of intellectual property and human rights.

#### **CONCLUSION:**

Targeted foreign assistance that enhances legal systems and institutions grounded in the rule of law, and that does so by building sustainable local capacity, is a critical component of U.S. efforts to foster greater stability and economic prosperity in young and emerging democracies. Rule of law programs such as those of the American Bar Association are a cost-effective mechanism for advancing the development of the rule of law and democracy abroad. As such, these programs advance U.S. interests around the globe.

Finally, the rule of law is the single best guarantor of peace and prosperity both here and abroad, and the ABA and its more than 413,000 members are privileged to be called upon to assist in its promotion. The ABA would be pleased to provide further information and to respond to any questions the Committee may have.

### **William H. Neukom**

William H. Neukom, a partner in the Seattle office of K&L Gates, is president of the **American Bar Association**. His one-year term began in August 2007 at the adjournment of the association's Annual Meeting in San Francisco.

Neukom was Microsoft Corp.'s chief lawyer for nearly a quarter-century. As executive vice president of Law and Corporate Affairs, Neukom managed Microsoft's legal, government affairs and philanthropic activities for 17 years. Previously, he was the firm's lead counsel while working as a partner at Preston, Gates & Ellis. Neukom rejoined Preston Gates in 2002.

As Microsoft's lead counsel, Neukom led the company's efforts to establish, distribute and protect intellectual property rights around the world. He was instrumental in securing the landmark legal victory in *Apple Computer v. Microsoft Corporation*, a copyright case which spanned 1988 – 1995. Neukom also led Microsoft's defense of antitrust claims brought by the U.S. Federal Trade Commission, U.S. Department of Justice and the European Union, which culminated in consent decrees in 1994 and 2001.

Under Neukom's direction, Microsoft's community affairs program initiated a number of key corporate giving strategies, including the Microsoft Giving Campaign, the Microsoft Matching Gifts program, the Microsoft Volunteer Program, and several national scale projects, including Libraries on Line.

Before joining Microsoft, Neukom was a partner of Preston Gates & Ellis LLP, where he had a general practice with emphasis on litigation, commercial law and nonprofit organizations.

He has been active in organized bar work, serving as chair of the Young Lawyers Division of the Seattle-King County Bar Association from 1972–73 and in the same capacity with the American Bar Association from 1977–78. Neukom also served on the ABA Board of Governors as secretary of the ABA, from 1983-1987, and as Washington State Delegate to the ABA House of Delegates from 1999 to 2006. He chaired the ABA Fund for Justice and Education from 1997-99; the ABA Task Force on Goal VIII from 2002-03, which examined the association's rule of law programming; and the ABA Governance Commission from 2003-05. Neukom served as a trustee of the National Judicial College from 2003 – 2006.

Neukom also has been active in community work, serving as: a member of the Dartmouth College Board of Trustees from 1996 – 2007 (chair 2004 – 2007); a member of the University of Puget Sound Board of Trustees from 1995 – 2006; a member of the Dean's Council at Stanford Law School from 1999 to present;; member of the YMCA of Greater Seattle Board of Directors from 1988 - 2007; chair of the Gates Challenge Endowment Campaign of the United Way of King County from 2002 – 2007; member of the Greater Seattle Chamber of Commerce Board of Trustees from 1987 to present (chair 2001 – 2002); member of the Pacific Council on International Policy from 2002 to present; and member of the Policy Consensus Center from 2004 to present.

In 1995, Neukom and his four children founded the Neukom Family Foundation. The foundation supports not-for-profit organizations principally in the fields of health and human services, education, justice and the environment.

Neukom is general partner in San Francisco Baseball Associates, L.P., the ownership group of the San Francisco Giants.

Neukom earned his LL.B. from Stanford University in 1967 and clerked for Judge Theodore S. Turner of the King County Superior Court from 1967-68. He received his A.B. from Dartmouth College in 1964.

His primary initiative as president is the World Justice Project.

## AMERICAN BAR ASSOCIATION

### Judicial Programs:

| <u>Title</u>                     | <u>Agency</u>                     | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|----------------------------------|-----------------------------------|--------------------------------|------------------------|---------------------------|---------------------|
| Judicial Fellowship/Outreach     | U.S. Department of Transportation | 9/16/05                        | \$623,451              | 9/16/05                   | 9/30/08             |
| Traffic Court Technology Program | U.S. Department of Transportation | 8/3/98                         | \$1,143,781            | 8/1/98                    | 9/30/05             |

### Immigration Programs:

|   |   |          |           |         |         |
|---|---|----------|-----------|---------|---------|
| Legal Orientation Programs 07-08        | Vera Institute/U.S. Department of Justice                 | 9/14/07  | \$176,468 | 7/4/07  | 7/3/08  |
| ProBono Asylum Representation Program   | Vera Institute/U.S. Department of Health & Human Services | 8/21/07  | \$254,519 | 6/1/07  | 5/31/08 |
| Unaccompanied Immigrant Children        | Vera Institute/U.S. Department of Health & Human Services | 1/27/07  | \$25,000  | 10/1/06 | 9/30/07 |
| Unaccompanied Alien Children            | Vera Institute/U.S. Department of Health & Human Services | 10/24/06 | \$139,809 | 6/1/06  | 5/31/07 |
| Legal Orientation Programs 2006-07      | Vera Institute/U.S. Department of Justice                 | 9/5/06   | \$117,906 | 7/4/06  | 7/3/07  |
| Legal Orientation Presentations         | Vera Institute/U.S. Department of Justice                 | 3/4/06   | \$39,302  | 3/4/06  | 7/3/06  |
| Legal Orientation Presentations 2005-06 | Vera Institute/U.S. Department of Justice                 | 6/9/05   | \$112,000 | 4/21/05 | 3/3/06  |
| Legal Orientation Presentations 2004-05 | Norwich University/U.S. Department of Justice             | 3/24/04  | \$131,000 | 2/18/04 | 4/1/05  |

### Educational Programs:

|   |   |         |             |        |         |
|---|---|---------|-------------|--------|---------|
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                            | 9/5/07  | \$2,946,240 | 9/1/07 | 8/31/12 |
| National Law Related Education Conference             | George Washington University/U.S. Department of Justice | 8/5/07  | \$49,999    | 1/1/07 | 9/30/07 |
| Education in Law and Juvenile Justice                 | U.S. Department of Justice                              | 7/19/06 | \$152,359   | 8/1/06 | 7/31/07 |



### Educational Programs (continued):

| <u>Title</u>  | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End</u> |
|---|--|--------------------------------|------------------------|---------------------------|------------|
| Guidebook on Youth or Teen Courts                     | Council of State Governments/U.S. Department of Justice            | 12/19/05                       | \$44,999               | 8/1/05                    | 9/30/06    |
| Education in Law and Juvenile Justice                 | U.S. Department of Justice   | 9/2/03                         | \$827,002              | 9/1/03                    | 12/31/06   |
| Youth Court Volunteer Training                        | American Probate and Parole Association/U.S. Department of Justice | 9/24/02                        | \$97,500               | 10/1/02                   | 3/31/05    |
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                                       | 9/25/06                        | \$2,946,240            | 9/1/06                    | 8/31/11    |
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                                       | 9/8/05                         | \$2,976,000            | 9/1/05                    | 8/31/10    |
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                                       | 9/29/03                        | \$4,967,500            | 10/1/03                   | 9/30/08    |
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                                       | 9/9/02                         | \$4,000,000            | 9/27/02                   | 9/26/07    |
| Thurgood Marshall Legal Education Opportunity Program | U.S. Department of Education                                       | 9/28/01                        | \$4,000,000            | 9/28/01                   | 9/27/06    |

### Programs for the Elderly and Disabled:

|  |   |         |           |         |         |
|--|---|---------|-----------|---------|---------|
| Court Focused Elder Abuse Initiatives      | U.S. Department of Justice  | 9/20/07 | \$219,409 | 8/1/07  | 7/31/09 |
| Elder Abuse Clearinghouse 2006-2007        | National Association on State Units on Aging/<br>U.S. Department of Health & Human Services | 3/5/07  | \$143,321 | 10/1/06 | 9/30/07 |
| Elder Abuse Clearinghouse 2005-2006        | National Association on State Units on Aging/<br>U.S. Department of Health & Human Services | 1/10/05 | \$187,443 | 10/1/05 | 9/30/06 |
| National Legal Assistance and Elder Rights | U.S. Department of Health & Human Services  | 9/22/05 | \$450,000 | 9/30/05 | 7/31/08 |

### Programs for the Elderly and Disabled (continued):

| <u>Title</u>   | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|--|---|--------------------------------|------------------------|---------------------------|---------------------|
| Elder Abuse Clearinghouse  | National Association on State Units on Aging/<br>U.S. Department of Health & Human Services | 1/10/05                        | \$148,025              | 10/1/04                   | 9/30/05             |
| Elder Consumer Education Project                                 | Stetson University/U.S. Department of<br>Health & Human Services                            | 12/2/04                        | \$50,000               | 10/1/04                   | 1/31/06             |
| Omaha Elder Abuse/Sexual Abuse Training                          | City of Omaha/U.S. Department of Justice  | 3/25/04                        | \$74,662               | 3/25/04                   | 9/30/05             |
| Indicators of Elder Abuse  | American Parole and Probate Association/U.S. Department<br>of Justice                       | 11/11/03                       | \$47,878               | 10/1/03                   | 9/30/05             |
| Legal Assistance in a Time of Change                             | U.S. Department of Health & Human Services  | 8/23/02                        | \$448,050              | 9/30/02                   | 9/29/05             |
| Developing Elder Abuse Fatality Review Teams                     | U.S. Department of Justice  | 11/15/01                       | \$99,998               | 9/30/01                   | 6/30/05             |
| <b>Criminal Justice System Programs:</b>                         |   |                                |                        |                           |                     |
| Juvenile Defender Center   | U.S. Department of Justice  | 6/2/99                         | \$2,599,973            | 5/14/99                   | 12/31/04            |
| Legal Response to Victims of Child Abuse                         | U.S. Department of Justice  | 10/4/07                        | \$75,000               | 8/1/07                    | 4/31/09             |
| <b>Domestic and Family Violence Programs:</b>                    |   |                                |                        |                           |                     |
| Framework for Enhanced Judicial Response to<br>Domestic Violence | National Council of Juvenile and Family Court Judges/<br>U.S. Department of Justice         | 5/17/06                        | \$10,500               | 10/1/05                   | 2/28/08             |
| Translating Training into Legal Practice                         | U.S. Department of Justice  | 10/6/05                        | \$840,000              | 10/1/05                   | 9/30/08             |
| Teen Dating Violence Toolkits Project                            | U.S. Department of Justice  | 9/21/05                        | \$250,000              | 9/1/05                    | 8/31/06             |
| Domestic Violence Training Curricula                             | Southwest Legal Center/U.S. Department of Justice   | 6/14/05                        | \$9,900                | 6/1/05                    | 7/31/06             |
| Domestic Violence and Child Custody                              | University of Southern Maine/U.S. Department of Justice                                     | 1/6/05                         | \$30,000               | 10/1/04                   | 9/30/06             |

### Domestic and Family Violence Programs (continued):

| <u>Title</u>  | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|--|--------------------------------|------------------------|---------------------------|---------------------|
| Enhancing Sustainable Legal Services for Victims of Domestic Violence | U.S. Department of Justice   | 8/31/04                        | \$938,611              | 10/1/04                   | 1/31/09             |
| Teen Dating Violence Project  | U.S. Department of Health & Human Services   | 9/14/03                        | \$249,966              | 9/30/03                   | 5/31/05             |
| <b>Child Health and Welfare Programs:</b>                             |  |                                |                        |                           |                     |
| Closed Caption and Recording Program: Evaluating SAA Grantees         | U.S. Department of Justice   | 9/20/07                        | \$591,935              | 10/1/07                   | 9/30/08             |
| Kentucky Permanency Barriers Project                                  | Eastern Kentucky University/U.S. Department of Health & Human Services               | 4/26/07                        | \$20,826               | 7/1/06                    | 6/30/07             |
| National Quality Improvement Center on Non-Residential Fathers        | American Humane Association/U.S. Department of Health & Human Services               | 1/2/07                         | \$168,844              | 9/30/06                   | 9/29/07             |
| Oklahoma Court Review   | Oklahoma Department of Human Services/U.S. Department of Health & Human Services     | 10/10/06                       | \$32,500               | 7/1/06                    | 6/30/07             |
| Evaluating Closed Circuit Television 2007 Grantees                    | U.S. Department of Justice   | 9/29/06                        | \$2,024,000            | 2/1/06                    | 10/30/10            |
| Pennsylvania Permanency Project                                       | Diakon Lutheran Services/U.S. Department of Health & Human Services                  | 8/28/06                        | \$700,000              | 7/1/06                    | 6/30/07             |
| Pennsylvania Permanency Project                                       | Pennsylvania Department of Public Welfare/U.S. Department of Health & Human Services | 5/22/06                        | \$350,000              | 1/1/06                    | 6/30/06             |
| Kentucky Permanency Barriers Project                                  | Eastern Kentucky University/U.S. Department of Health & Human Services               | 3/9/06                         | \$59,605               | 7/1/05                    | 6/30/06             |
| Closed Circuit Television 2006 Grantees                               | U.S. Department of Justice   | 1/25/06                        | \$601,014              | 11/1/05                   | 4/30/08             |

### Child Health and Welfare Programs (continued):

| <u>Title</u>  | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|---|--------------------------------|------------------------|---------------------------|---------------------|
| Pennsylvania Permanency Barriers Project                    | University of Pittsburgh/U.S. Department of Health and Human Services                 | 1/18/06                        | \$350,000              | 7/1/05                    | 12/31/05            |
| On-Line Substance Abuse Curricula                           | Center for Children and Family Futures/U.S. Department of Health & Human Services     | 1/11/06                        | \$100,000              | 10/17/05                  | 10/16/07            |
| Hurricane Katrina Relief Regarding Children                 | U.S. Department of Health & Human Services  | 9/30/05                        | \$300,000              | 9/30/05                   | 9/29/07             |
| Improving Understanding of Maternal and Child Health        | U.S. Department of Health & Human Services  | 4/27/05                        | \$597,289              | 5/1/05                    | 4/30/08             |
| Kentucky Permanency Barriers Project                        | Eastern Kentucky University/U.S. Department of Health & Human Services                | 3/8/05                         | \$59,605               | 7/1/04                    | 6/30/05             |
| Improving Ohio's Child Maltreatment Laws                    | Ohio Supreme Court/U.S. Department of Health & Human Services                         | 12/8/04                        | \$70,000               | 11/1/04                   | 12/31/05            |
| Arkansas Court Improvement Project                          | Slate of Arkansas/U.S. Department of Health & Human Services                          | 9/30/04                        | \$21,000               | 7/12/04                   | 6/30/05             |
| National Legal Resource Center on Children and Court Issues | U.S. Department of Health & Human Services  | 9/23/04                        | \$3,875,000            | 9/30/04                   | 9/29/08             |
| Wyoming Permanency Planning                                 | Slate of Wyoming/U.S. Department of Health & Human Services                           | 8/1/04                         | \$120,000              | 8/1/04                    | 12/31/06            |
| Pennsylvania Children's Project                             | University of Pittsburgh/U.S. Department of Health & Human Services                   | 7/1/04                         | \$1,050,000            | 7/1/04                    | 6/30/05             |
| Interface Between DSS and the Legal System                  | New York Department of Social Services/<br>U.S. Department of Health & Human Services | 6/9/04                         | \$327,750              | 1/1/04                    | 12/31/04            |
| Closed Circuit Television Evaluation of 2001 Grantees       | Commonwealth of Virginia/U.S. Department of Justice                                   | 2/6/04                         | \$216,340              | 10/1/03                   | 12/31/05            |

### Child Health and Welfare Programs (continued):

| <u>Title</u>  | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|--|--------------------------------|------------------------|---------------------------|---------------------|
| New Hampshire Court Improvement Project               | New Hampshire Administrative Office of Courts/U.S. Department of Health and Human Services | 1/15/04                        | \$67,327               | 1/15/04                   | 1/31/05             |
| Reassessment of Michigan Child Improvement Practices  | University of Southern Maine/U.S. Department of Health and Human Services                  | 12/23/03                       | \$91,065               | 10/15/03                  | 8/31/05             |
| Strengthening Abuse and Neglect Courts Administration | U.S. Department of Justice   | 11/11/03                       | \$643,393              | 11/1/03                   | 12/31/07            |
| Improving Court Performance in Child Abuse Cases      | U.S. Department of Health & Human Services   | 9/30/03                        | \$894,953              | 9/30/03                   | 9/29/06             |
| Office of Child Support Enforcement Task Orders       | U.S. Department of Health & Human Services   | 9/12/00                        | \$604,180              | 9/18/00                   | 12/31/05            |
| Partners in Programming for Adolescent Health         | Maternal & Child Health Bureau   | 9/13/96                        | \$1,227,138            | 10/1/96                   | 8/31/08             |
| <b>International Programs:</b>                        |  |                                |                        |                           |                     |
| Philippines Judicial Reform Activities                | U.S. Agency for International Development  | 9/28/07                        | \$595,000              | 10/1/07                   | 9/30/09             |
| Kenya Law Enforcement Training                        | U.S. Department of State   | 9/26/07                        | \$68,000               | 9/30/07                   | 10/1/08             |
| Human Trafficking Assessment in Mexico                | U.S. Department of State   | 9/26/07                        | \$150,000              | 9/30/07                   | 10/1/08             |
| Cameroon Anti-Trafficking Program                     | U.S. Department of State   | 9/25/07                        | \$200,000              | 9/30/07                   | 10/1/08             |
| War Crimes Digest Publication                         | U.S. Department of Justice   | 9/18/07                        | \$27,763               | 8/1/07                    | 7/31/08             |
| Street Law Education Program in Kyrgyzstan            | Freedom House/U.S. Agency for International Development                                    | 9/18/07                        | \$300,000              | 9/1/07                    | 8/31/09             |
| Criminal Justice in the NIS                           | U.S. Department of Justice   | 9/14/07                        | \$2,915,312            | 10/1/06                   | 3/31/08             |

### International Programs (continued):

| <u>Title</u>  | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|--|--------------------------------|------------------------|---------------------------|---------------------|
| Empowering Youth: Building Rule of Law<br>in the Gulf | U.S. Department of State                                     | 8/30/07                        | \$599,395              | 9/1/07                    | 7/31/08             |
| Arab Council for Judicial and Legal Studies           | U.S. Department of State                                     | 8/14/07                        | \$200,000              | 8/15/07                   | 3/30/08             |
| Legal Clinics in Turkmenistan                         | National Endowment for Democracy/U.S. Department of<br>State | 8/9/07                         | \$51,000               | 9/1/07                    | 8/31/08             |
| Legal and Judicial Training in Bahrain                | U.S. Department of State                                     | 8/1/07                         | \$700,000              | 7/1/07                    | 11/30/08            |
| Combating Gender Based Violence in Congo              | U.S. Department of State                                     | 7/12/07                        | \$555,000              | 7/7/07                    | 7/7/08              |
| Rule of Law in Vietnam                                | U.S. Department of State                                     | 7/11/07                        | \$650,000              | 6/27/07                   | 10/27/08            |
| Legal and Judicial Development in Algeria             | U.S. Department of State                                     | 6/27/07                        | \$700,000              | 5/30/07                   | 9/30/08             |
| Legal and Judicial Development in Morocco             | U.S. Department of State                                     | 6/27/07                        | \$400,000              | 5/30/07                   | 6/30/08             |
| Kosovo Criminal Justice Reform                        | U.S. Department of Justice                                   | 6/18/07                        | \$121,690              | 6/1/07                    | 5/31/09             |
| CEELI Spring Meeting                                  | Freedom House/U.S. Agency for International Development      | 5/31/07                        | \$7,767                | 4/18/07                   | 5/18/07             |
| East Timor Rule of Law Assessment                     | Freedom House/U.S. Agency for International Development      | 5/31/07                        | \$38,068               | 5/16/07                   | 8/31/07             |
| Assessment Visit to Chad                              | Freedom House/U.S. Agency for International Development      | 5/31/07                        | \$9,651                | 4/1/07                    | 6/30/07             |
| CEELI Institute Meeting                               | Freedom House/U.S. Agency for International Development      | 5/31/07                        | \$15,900               | 3/1/07                    | 4/30/07             |
| Liberia Legal Aid Project                             | Freedom House/U.S. Agency for International Development      | 5/14/07                        | \$1,646,562            | 4/1/07                    | 3/30/09             |
| Legal and Judicial Development in Oman                | U.S. Department of State                                     | 5/1/07                         | \$400,000              | 4/1/07                    | 3/31/08             |
| Rule of Law in Georgia                                | Freedom House/U.S. Agency for International Development      | 3/20/07                        | \$1,030,000            | 12/7/06                   | 12/7/09             |

### International Programs (continued):

| <u>Title</u>  | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|---|--------------------------------|------------------------|---------------------------|---------------------|
| Citizens Rights Advocacy and Good Governance in China | U.S. Department of State  | 12/21/06                       | \$1,334,500            | 12/15/06                  | 1/15/08             |
| Moroccan Judicial Curriculum Project                  | Freedom House/U.S. Agency for International Development                   | 11/2/06                        | \$1,225,000            | 9/1/06                    | 2/29/08             |
| Arab Legal Women's Network                            | Freedom House/U.S. Agency for International Development                   | 11/2/06                        | \$850,000              | 9/1/06                    | 9/28/07             |
| Turkmenistan Community Empowerment                    | Counterpart International, Inc./U.S. Agency for International Development | 11/1/06                        | \$748,961              | 9/29/06                   | 9/28/09             |
| European Union and Regulatory Dialogue                | U.S. Department of State  | 9/28/06                        | \$14,500               | 9/9/06                    | 8/1/07              |
| Human Rights Law Program in Syria                     | U.S. Department of State  | 9/25/06                        | \$645,000              | 9/22/06                   | 9/21/08             |
| Legal Aspects of Accountability in the Military       | Defense Security Cooperation Agency                                       | 9/25/06                        | \$129,402              | 9/25/06                   | 9/25/07             |
| Criminal Law Program in Bulgaria                      | U.S. Department of Justice  | 9/22/06                        | \$317,312              | 10/1/05                   | 3/31/07             |
| Regional Anticorruption Coordinator in Central Asia   | U.S. Department of Justice  | 9/22/06                        | \$137,312              | 10/1/05                   | 1/31/07             |
| Regional Anticorruption Coordinator in Eurasia        | U.S. Department of Justice  | 9/22/06                        | \$260,312              | 10/1/05                   | 12/31/06            |
| Prosecutorial Reform Index for Bulgaria               | U.S. Department of Justice  | 9/22/06                        | \$32,312               | 10/1/05                   | 12/31/06            |
| Russia Anticorruption Program Central Asia            | U.S. Department of Justice  | 9/22/06                        | \$297,312              | 10/1/05                   | 9/30/07             |
| Criminal Law Program in the Newly Independent States  | U.S. Department of Justice  | 9/22/06                        | \$2,552,312            | 10/1/05                   | 1/31/07             |
| Criminal Law Reform in Bosnia (supplement)            | U.S. Department of Justice  | 9/22/06                        | \$247,312              | 10/1/05                   | 10/31/07            |

### International Programs (continued):

| <u>Title</u>  | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|---|--------------------------------|------------------------|---------------------------|---------------------|
| Continuing Legal Education for Young Lawyers in Egypt                   | U.S. Agency for International Development                     | 9/22/06                        | \$730,285              | 1/1/07                    | 6/30/08             |
| Rule of Law in Lebanon  | U.S. Department of State                                      | 9/22/06                        | \$500,000              | 9/8/06                    | 9/30/08             |
| Nepal Rule of Law   | U.S. Department of State                                      | 9/18/06                        | \$375,000              | 9/18/06                   | 9/17/08             |
| Enhancing Environmental Law Enforcement In China                        | U.S. Department of State                                      | 9/14/06                        | \$102,400              | 9/1/06                    | 8/31/08             |
| Exchange Program with China   | U.S. Department of State                                      | 9/12/06                        | \$218,280              | 9/6/06                    | 1/31/08             |
| Judicial Reform Index in Albania  | U.S. Agency for International Development                     | 9/11/06                        | \$100,000              | 8/2/06                    | 12/31/08            |
| Women's Resource Center in Ashgabat                                     | National Endowment for Democracy/<br>U.S. Department of State | 9/1/06                         | \$58,822               | 7/1/06                    | 6/30/07             |
| Promoting the Rights of Women in Iraq                                   | ICF Inc/U.S. Department of State                              | 8/31/06                        | \$348,358              | 6/1/06                    | 12/31/06            |
| Labor and Investment in Nicaragua                                       | FMI, Inc./U.S. Agency for International Development           | 8/6/06                         | \$411,777              | 5/22/06                   | 11/30/07            |
| Public Service Announcement in Kyrgyzstan, Rwanda, Cambodia and Ecuador | Freedom House/U.S. Agency for International Development       | 7/13/06                        | \$74,040               | 3/31/06                   | 5/31/07             |
| Strengthening the Criminal Justice System In Ecuador                    | U.S. Department of State                                      | 6/30/06                        | \$1,769,600            | 7/15/06                   | 7/14/08             |
| Development of Vietnam's Legal Profession                               | National Endowment for Democracy/<br>U.S. Department of State | 6/23/06                        | \$223,700              | 4/1/06                    | 8/31/08             |
| Criminal Justice Program in Bosnia                                      | U.S. Department of Justice                                    | 5/18/06                        | \$197,312              | 10/1/05                   | 9/30/06             |
| Criminal Law Reform in Uzbekistan                                       | U.S. Department of Justice                                    | 5/18/06                        | \$87,312               | 10/1/05                   | 12/31/06            |



International Programs (continued):

| <u>Title</u>   | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|--|---|--------------------------------|------------------------|---------------------------|---------------------|
| Ukraine Law Enforcement Reform Project                 | U.S. Department of Justice  | 5/18/06                        | \$449,624              | 10/1/05                   | 7/31/07             |
| Nigeria Trafficking in Persons                         | Freedom House/U.S. Agency for International Development                   | 5/1/06                         | \$1,392,000            | 3/17/06                   | 3/16/08             |
| Ukraine Pretrial Detention Program                     | U.S. Department of Justice  | 4/7/06                         | \$344,624              | 10/1/05                   | 12/31/07            |
| Romania Criminal Law Program                           | U.S. Department of Justice  | 4/7/06                         | \$357,312              | 10/1/05                   | 12/31/07            |
| Regional Criminal Justice Initiative                   | U.S. Department of Justice  | 4/7/06                         | \$272,312              | 10/1/05                   | 12/31/07            |
| Asia Regional Anticorruption Advisor                   | U.S. Department of Justice  | 4/7/06                         | \$497,312              | 1/1/06                    | 6/30/07             |
| Azerbaijan Legal Advocacy Center                       | U.S. Department of State  | 3/15/06                        | \$670,000              | 3/15/06                   | 3/31/08             |
| Keeping the Door Open: Gender Advocacy in Turkmenistan | U.S. Department of State  | 3/6/06                         | \$250,000              | 3/7/06                    | 10/31/08            |
| Court Personnel Reform                                 | Freedom House/U.S. Agency for International Development                   | 12/20/05                       | \$220,901              | 1/1/06                    | 6/30/07             |
| Liberia Legal Aid Project                              | Freedom House/U.S. Agency for International Development                   | 12/5/05                        | \$992,889              | 10/17/05                  | 3/30/07             |
| Human Rights in Uzbekistan                             | Freedom House/U.S. Agency for International Development                   | 12/5/05                        | \$334,519              | 8/1/05                    | 7/31/07             |
| Promoting Integrity within Thailand's Legal System     | U.S. Department of State  | 12/1/05                        | \$667,286              | 12/1/05                   | 11/30/07            |
| Citizen's Rights in China                              | U.S. Department of State  | 9/28/05                        | \$869,000              | 9/28/05                   | 12/31/07            |
| Rule of Law and Human Rights in Iraq                   | U.S. Department of State  | 9/6/05                         | \$2,999,761            | 9/6/05                    | 1/31/07             |
| East Timor Program                                     | Financial Markets International/U.S. Agency for International Development | 9/2/05                         | \$34,368               | 9/2/05                    | 9/29/05             |
| Civil Society and the Rule of Law                      | Freedom House/U.S. Agency for International Development                   | 9/1/05                         | \$147,323              | 9/1/05                    | 11/15/05            |
| Mexico Victims of Torture Project                      | Freedom House/U.S. Agency for International Development                   | 8/25/05                        | \$3,170                | 6/1/04                    | 6/30/05             |

### International Programs (continued):

| <u>Title</u>                                     | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|--|--|--------------------------------|------------------------|---------------------------|---------------------|
| Regional Criminal Justice Initiative in Bulgaria | U.S. Department of Justice   | 6/8/05                         | \$196,690              | 10/1/04                   | 12/31/06            |
| Strengthening the Judicial System in Uzbekistan  | U.S. Department of Justice   | 6/8/05                         | \$37,690               | 10/1/04                   | 11/30/05            |
| Criminal Justice Reform in the NIS               | U.S. Department of Justice   | 6/8/05                         | \$2,077,738            | 10/1/04                   | 12/31/06            |
| Criminal Law Liaison in Bulgaria                 | U.S. Department of Justice   | 6/8/05                         | \$296,690              | 10/1/04                   | 9/30/05             |
| Stability Pact Anti-Corruption Advisor           | U.S. Department of Justice   | 6/8/05                         | \$222,057              | 10/1/04                   | 12/31/05            |
| Legal Aid in Rural Areas of Turkmenistan         | National Endowment for Democracy/U.S. Agency for International Development | 6/1/05                         | \$50,000               | 6/1/05                    | 6/30/06             |
| Rule of Law in Bosnia                            | Freedom House/U.S. Agency for International Development                    | 4/15/05                        | \$833,000              | 4/1/05                    | 12/31/07            |
| Iraq Judicial Integrity Project                  | U.S. Department of Justice   | 3/15/05                        | \$5,450,489            | 10/1/04                   | 3/31/07             |
| War Crimes in Croatia                            | U.S. Department of Justice   | 3/2/05                         | \$787,690              | 8/1/04                    | 7/31/06             |
| Middle East Regional Judicial Program            | Freedom House/U.S. Agency for International Development                    | 11/11/04                       | \$6,552,920            | 9/30/04                   | 4/30/07             |
| Morocco Legal Education Project                  | U.S. Department of State   | 9/28/04                        | \$680,000              | 9/28/04                   | 7/31/07             |
| Legal Assistance in China                        | U.S. Department of State   | 9/27/04                        | \$635,000              | 11/1/04                   | 9/30/06             |
| Women's Resource Centers in Tajikistan           | U.S. Department of State   | 9/14/04                        | \$350,000              | 9/9/04                    | 8/31/06             |
| Asia Regional Anticorruption Advisor             | U.S. Department of Justice   | 9/7/04                         | \$520,970              | 8/1/04                    | 6/30/06             |
| Rule of Law in the Central Asian Republics       | Freedom House/U.S. Agency for International Development                    | 9/1/04                         | \$5,550,359            | 9/1/04                    | 10/31/08            |
| Bosnia Criminal Law Liaison                      | U.S. Department of Justice   | 8/27/04                        | \$335,000              | 4/1/04                    | 12/31/05            |
| Russia Study Tour                                | U.S. Department of Justice   | 8/27/04                        | \$35,970               | 5/1/04                    | 5/31/06             |

### International Programs (continued):

| <u>Title</u>  | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|---|---|--------------------------------|------------------------|---------------------------|---------------------|
| Anti-Corruption in Costa Rica/Criminal Code Review in Ecuador | U.S. Department of Justice  | 8/23/04                        | \$54,468               | 8/1/04                    | 9/30/07             |
| Thailand Regional Judicial Program                            | U.S. Department of State  | 8/11/04                        | \$76,000               | 8/1/04                    | 2/1/06              |
| Asia Regional Anticorruption Advisor                          | U.S. Department of Justice  | 7/30/04                        | \$245,970              | 4/1/04                    | 6/30/06             |
| Book Translation and Publication in Azerbaijan (1)            | U.S. Department of State  | 7/30/04                        | \$17,344               | 8/5/04                    | 4/28/06             |
| Book Translation and Publication in Azerbaijan (2)            | U.S. Department of State  | 7/30/04                        | \$16,884               | 8/13/04                   | 4/28/06             |
| Iraqi Governance Project                                      | National Democratic Institute/U.S. Agency for International Development | 7/26/04                        | \$2,699,740            | 7/26/04                   | 12/31/05            |
| New Criminal Procedure in Ecuador                             | U.S. Department of State  | 7/23/04                        | \$41,023               | 6/1/04                    | 12/31/04            |
| Judicial Sector Reform in Jordan                              | Freedom House/U.S. Agency for International Development                 | 7/8/04                         | \$4,029,447            | 7/8/04                    | 6/30/08             |
| Trafficking in Persons in Latin America                       | U.S. Department of State  | 7/1/04                         | \$766,740              | 7/1/04                    | 4/30/07             |
| East Africa Anti-Trafficking Project                          | U.S. Department of State  | 7/1/04                         | \$1,174,610            | 7/1/04                    | 3/31/07             |
| Public Advocacy Center in Tajikistan                          | Eurasia Foundation/U.S. Agency for International Development            | 5/18/04                        | \$33,864               | 4/1/04                    | 10/31/06            |
| Citizens Rights in the Ferghana Valley II                     | U.S. Department of State  | 5/5/04                         | \$499,000              | 5/1/04                    | 12/31/05            |
| Latvia Benchmark  | U.S. Department of Justice  | 3/17/04                        | \$18,970               | 2/1/04                    | 7/31/06             |
| Rule of Law in Kosovo   | U.S. Agency for International Development                               | 2/12/04                        | \$3,327,678            | 2/1/04                    | 2/28/08             |
| Kenya Anti-Corruption Advisor Program                         | U.S. Department of Justice  | 1/27/04                        | \$395,970              | 11/1/03                   | 1/30/06             |
| Stability Pact Anti-corruption Initiative                     | U.S. Agency for International Development                               | 1/2/04                         | \$1,287,396            | 1/2/04                    | 8/31/08             |

## International Programs (continued):

| <u>Title</u>   | <u>Agency</u>  | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|--|--|--------------------------------|------------------------|---------------------------|---------------------|
| Sierra Leone War Crimes Project                          | U.S. Department of State   | 12/22/03                       | \$800,000              | 10/15/03                  | 3/31/06             |
| Global Judicial Integrity Project                        | Freedom House/U.S. Agency for International Development                  | 12/2/03                        | \$200,000              | 10/24/03                  | 11/30/06            |
| Cambodia Human Rights Project                            | East West Management Institute/U.S. Agency for International Development | 11/24/03                       | \$1,623,670            | 9/30/03                   | 3/31/08             |
| Rule of Law in Azerbaijan                                | U.S. Agency for International Development                                | 11/12/03                       | \$4,499,872            | 9/15/03                   | 9/14/09             |
| Rule of Law and Governance in China                      | U.S. Department of State   | 11/18/03                       | \$550,000              | 11/1/03                   | 9/30/05             |
| Stability Pact Anti-corruption Initiative                | U.S. Department of Justice   | 11/3/03                        | \$315,030              | 4/1/03                    | 12/31/07            |
| Media Protection in Kazakhstan                           | U.S. Department of State   | 11/15/03                       | \$350,700              | 11/15/03                  | 2/15/06             |
| Bahrain Court Reform Project                             | Freedom House/U.S. Agency for International Development                  | 10/14/03                       | \$546,276              | 7/1/03                    | 7/31/07             |
| Legal Education Project in Mexico                        | Freedom House/U.S. Agency for International Development                  | 9/30/03                        | \$147,187              | 7/29/03                   | 9/30/05             |
| Criminal Justice Program in the Newly Independent States | U.S. Department of Justice   | 9/29/03                        | \$1,805,932            | 8/8/03                    | 6/30/06             |
| Role of Defense Lawyers and Criminal Justice in China    | U.S. Department of State   | 9/23/03                        | \$16,000               | 9/1/03                    | 12/31/04            |
| Criminal Justice in Russia                               | U.S. Department of Justice   | 9/16/03                        | \$191,128              | 6/1/03                    | 5/31/06             |
| Internet Gateway for Anti Corruption Programs            | U.S. Department of Justice   | 9/16/03                        | \$37,377               | 7/1/03                    | 12/31/06            |
| Law Reform in the Philippines                            | U.S. Agency for International Development                                | 8/15/03                        | \$2,349,992            | 10/1/03                   | 12/31/07            |
| Middle East Judicial Reform Project                      | Freedom House/U.S. Agency for International Development                  | 6/25/03                        | \$1,450,000            | 6/25/03                   | 7/31/07             |
| Rule of Law in Romania                                   | U.S. Agency for International Development                                | 6/1/03                         | \$1,519,991            | 6/1/03                    | 9/30/07             |

International Programs (continued):

| <u>Title</u>   | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|--|---|--------------------------------|------------------------|---------------------------|---------------------|
| Rule of Law in Albania   | U.S. Agency for International Development               | 5/5/03                         | \$600,016              | 5/1/03                    | 1/31/05             |
| NIS Anti-Corruption Advisor  | U.S. Department of Justice                              | 9/30/02                        | \$163,562              | 9/1/02                    | 12/31/04            |
| NIS Anti-Corruption Project  | U.S. Department of Justice                              | 9/30/02                        | \$399,276              | 7/1/02                    | 12/31/06            |
| Human Rights Clinical Programs at Tashkent State University              | U.S. Agency for International Development               | 9/10/02                        | \$1,369,000            | 9/10/02                   | 11/30/05            |
| Serbia Law School Linkage  | U.S. Department of State                                | 3/25/02                        | \$180,268              | 3/28/02                   | 12/31/04            |
| Alternative Dispute Resolution Program in Mexico                         | Freedom House/U.S. Agency for International Development | 1/22/02                        | \$1,617,385            | 8/20/01                   | 4/30/06             |
| Administrative Costs for RIGHTS Program                                  | Freedom House/U.S. Agency for International Development | 11/15/01                       | \$206,363              | 3/1/01                    | 8/31/07             |
| Indonesian Young Lawyers Association                                     | U.S. Department of State                                | 5/7/01                         | \$108,270              | 5/11/01                   | 12/31/04            |
| Serbia Rule of Law   | U.S. Agency for International Development               | 3/29/01                        | \$7,811,567            | 4/1/01                    | 2/28/08             |
| Criminal Justice in Georgia and Anti-corruption Coordinator and Workshop | U.S. Department of Justice                              | 9/30/00                        | \$619,789              | 9/30/00                   | 12/31/05            |
| Rule of Law in Belarus   | U.S. Agency for International Development               | 7/12/00                        | \$2,261,905            | 4/1/00                    | 5/31/06             |
| Rule of Law in Moldova   | U.S. Agency for International Development               | 6/12/00                        | \$4,625,381            | 4/1/00                    | 12/31/09            |
| Rule of Law in Ukraine   | U.S. Agency for International Development               | 6/12/00                        | \$6,416,176            | 4/1/00                    | 10/31/07            |
| Rule of Law in Bosnia  | U.S. Agency for International Development               | 5/1/00                         | \$2,961,730            | 5/1/00                    | 3/30/05             |
| Rule of Law in Bulgaria  | U.S. Agency for International Development               | 5/1/00                         | \$4,100,000            | 5/1/00                    | 9/30/07             |
| Rule of Law in Macedonia   | U.S. Agency for International Development               | 5/1/00                         | \$3,393,704            | 5/1/00                    | 4/30/06             |

International Programs (continued):

| <u>Title</u>                 | <u>Agency</u>   | <u>Original<br/>Award Date</u> | <u>Total<br/>Award</u> | <u>Original<br/>Start</u> | <u>End<br/>Date</u> |
|------------------------------|---|--------------------------------|------------------------|---------------------------|---------------------|
| Rule of Law in Armenia       | U.S. Agency for International Development               | 5/1/00                         | \$7,016,200            | 5/1/00                    | 9/14/09             |
| Rule of Law in Georgia       | U.S. Agency for International Development               | 4/1/00                         | \$6,859,591            | 4/1/00                    | 12/31/06            |
| NIS/CEE Leader Award         | U.S. Agency for International Development               | 2/1/00                         | \$3,318,997            | 2/1/00                    | 5/31/07             |
| Russia Rule of Law           | U.S. Agency for International Development               | 10/1/99                        | \$14,793,062           | 10/1/99                   | 6/30/08             |
| Freedom House RIGHTS Project | Freedom House/U.S. Agency for International Development | 6/14/99                        | \$150,000              | 3/9/99                    | 8/9/05              |

**PUBLIC WITNESS TESTIMONY  
SANFORD I. WEILL  
CHAIRMAN, BOARD OF TRUSTEES  
CARNEGIE HALL  
MARCH 20, 2008**

Chairwoman Lowey and Members of the Subcommittee, thank you for the opportunity to present written testimony for the Committee's consideration during the Fiscal Year 2009 appropriations process. My name is Sanford Weill, and I have the privilege of serving as the volunteer Chairman of the Board of Trustees of Carnegie Hall, a world-renowned performing arts center located in New York, NY. I present testimony today on behalf of continued and expanded funding support for the Department of State's Education and Cultural Affairs programs, which we believe are a critical component of international diplomacy. In the Fiscal Year 2008 Omnibus Appropriations Bill, \$10 million was made available for grants to entities for one-time cultural exchange activities. We urge the committee to continue funding for this program at the \$10 million level in Fiscal Year 2009, and offer Carnegie Hall's history of work with the State Department as an example of the high value of properly designed and executed cultural exchange programs.

I would like to commend the State Department for its ever-growing interest and dedication to cultural exchange programs. In its broadest stroke to date, in September 2006 the Department announced the creation of the Global Cultural Initiative. This multi-faceted program leverages a broad range of resources to emphasize the importance of the arts as a platform for international engagement and demonstrates a strong commitment to cultural exchanges by the Department and the Administration. Funding for cultural diplomacy has more than tripled since 2001, and while the State Department has a long history of working with the arts community in a project-specific context, this initiative represents the first time the public and private sectors have joined forces to coordinate lasting, institutional collaboration. We are proud to be among the partners with which the State Department has worked in this and other exchange programs.

Built in 1891, Carnegie Hall has been in virtually continuous operation for almost 116 years. It was saved from demolition in 1960, when the building was purchased by the City of New York and the nonprofit Carnegie Hall Corporation was chartered by the State of New York to operate the facility. Its mission is to present extraordinary music and musicians on the three stages of this legendary hall, to bring the transformative power of music to the widest possible audience, to provide visionary education programs, and to foster the future of music through the cultivation of new works, artists and audiences.

The Hall's presentations cross every cultural and geographic boundary on our planet and the Hall continues to broaden access to its domestic and international presentations for the widest possible audience. As American society continues to grow increasingly diverse ethnically and culturally, and as our globe continues to "shrink," there is a corresponding need for arts institutions to create opportunities for cultural enrichment that reflect the diversity of this global community. The arts, by virtue of their unique ability to express, to reaffirm, and to question the cultural identity and beliefs of a community, can play an important role in fostering pride among ethnic audiences, in building greater cultural awareness among traditional audiences, and in stimulating cross-cultural understanding and communication.

As a global cultural citizen with unmatched access to the world's greatest artists and latest technologies, Carnegie Hall is uniquely positioned to nurture and sustain world class exchange programs, and to influence artists, young people, and decision makers world-wide to be arts ambassadors. Secretary of State Condoleezza Rice has spoken recently about "transformational diplomacy"; that is, sustainable world-wide partnerships helping to build well-governed states that can respond to the needs of their people. We at Carnegie Hall believe that our partnerships with music educators, arts administrators, and students in the US and abroad have opened the door for long-term cross-cultural appreciation and understanding.

The Hall has had the opportunity during the past several years to work as a partner with the Department of State's Office of Education and Cultural Affairs (ECA). Since 2001, Carnegie Hall has received three State Department grants to promote international cultural exchange. The first of these grants focused on a one-for-one artistic exchange between American musicians and young performers from the Balkans and Central Asia in which all participants received professional training and performance opportunities both in the U.S. and overseas. With the second grant, we expanded the reach and impact of the program by creating Workshops for Arts Administrators and Educators held in NYC that exposed participants to the inner workings of Carnegie Hall and other cultural organizations while sharing with them a Western approach to music education in classrooms and communities. Participants were from Asian and Near and Middle Eastern Countries (specifically, Azerbaijan, Egypt, India, Iraq, Jordan, Lebanon, and the Palestinian Territories).

While each of these programs was meaningful to the limited number of artists involved, none proved sustainable or meaningful in larger ways, and fell somewhat short of the State Department's cultural diplomacy needs. Carnegie Hall's staff has learned from ECA throughout the past several years of collaboration how to deepen and strengthen our cultural exchange programs. We have arrived at the creation of a program that meets both the State Department's and Carnegie Hall's needs. Entitled *Global Encounters Cultural Exchange*, the program incorporates both the best aspects of artistic and cultural exchange and a wider implementation of Western-style music education for high school students. By retaining a focus on arts



educators and adding a classroom component to the international cultural exchange work, the project continues Carnegie Hall's international cultural exchange activities, building long-term sustainable linkages between Carnegie Hall and its cultural ambassadors and young audiences overseas.

Global Encounters provides specific, targeted educational resources for students, teachers, and artists involved in each participating country through: written curricula and other teaching materials; professional development for participating teachers; a secure internet environment that supports musical and cultural learning and allows participants to share ideas and lesson plans as well as to engage in conversations about cultural similarities and differences; videoconferenced concerts connecting NYC and the focus regions that enable 1,000 students per event to "meet" each other in a real-time video environment and "attend" a concert together; and the in-person exchange of teachers, artists, and arts administrators that fosters educational, professional, artistic and personal dialogue among participating countries.

Global Encounters: Turkey is the most recent example of how our collaboration with the Department of State has allowed for the growth of this international exchange program, which has now been operating for five seasons. On December 2, 2007, 500 students and teachers from NYC schools convened to "talk" to the 500 students and teachers in Istanbul, Turkey. The students had been writing to one another for three months via the web environment that enabled them to talk as young people do—about music, parents, homework, and how they live their lives. This encounter in December was the first time they were able to see one another, through a live video connection. A talented Turkish music ensemble joined the students in New York, while an innovative jazz quartet from New York traveled to Istanbul to be with students there.

The event, attended by representatives of the Bureau of Educational and Cultural Affairs, was a smashing success. The gathered students were able to learn about and hear true ethnic music from each country. Much to the surprise of the Turkish students, the New York students were so fascinated by one song the Turkish band played that they were out of their seats dancing to it. The moment was made all the more poignant when it was explained that the song itself is very old and traditional in Turkey. Turkish children learn the song at an early age. However, to the US students, it was first and foremost good music, and requests were made to make the song available online for them to download and share with others.

Since that time, the students have continued conversing with one another online and the educators who have been participating will travel to the United States this spring for a week-long program of professional, personal, and cultural development alongside their American counterparts that is designed to assist them with music education in their home country. A teacher participating in the Carnegie Hall program recently said, "This program is the best embodiment for hope not just to have our students be diverse, but also for them to understand

diversity. It is the best training ground I have seen for youth ambassadors to learn that they can be citizens of the world.”

Building on its huge success, and in response to demand for richer, more sustained relationships with its international partners, Carnegie Hall is expanding Global Encounters to a program of two years duration, serving a rotation of the following countries: Turkey, India, China, and a South American country to be chosen in consultation with the State Department.

We have learned that diplomacy does not happen overnight, and have developed a stronger program to address this. Carnegie Hall looks forward to a continued partnership with the Department of State, and in the coming years we plan to continue our work with Turkey while expanding to the new geographical areas of interest. We have come to realize that continuation of our work in a particular region beyond one season is the only way to really build on our success. Further, our history with the State Department has produced what we believe is a model program that can inform best practices for other educational and cultural exchange programs.

Meaningful international work for non-profit organizations, even larger institutions such as Carnegie Hall, is not sustainable without a true partnership with the State Department. A federal investment, even in relatively small increments, allows private organizations to leverage additional private dollars. We urge funding for the continuation of these grant programs in educational and cultural exchange at the Department of State to help arts organizations create innovative, robust, and, most importantly, sustainable programs. We commend the State Department’s work, as well as the Committee’s task ahead, and thank you once again for your consideration of the importance of cultural diplomacy in U.S. foreign policy.

**Federal Grant Disclosure**  
**Fiscal Years 06-08**

|       |                                  |            |
|-------|----------------------------------|------------|
| 2008: | National Endowment for the Arts: | \$ 75,000  |
|       | US Department of Education:      | \$ 383,186 |
| 2007: | National Endowment for the Arts: | \$ 150,000 |
| 2006: | National Endowment for the Arts: | \$ 140,000 |
|       | US Department of State:          | \$ 150,000 |

**Sanford I. Weill**  
**Chairman Emeritus, Citi**

Sanford I. Weill is Chairman Emeritus of Citigroup Inc., the diversified global financial services company formed in 1998 through the merger of Citicorp and Travelers Group. Mr. Weill retired as CEO of Citigroup on October 1, 2003, and served as Chairman until April 18, 2006.

Most recently, President Bush asked Mr. Weill, along with four other private sector business leaders, to lead a nationwide effort to encourage private donations for relief and reconstruction in response to the South Asia earthquake that occurred on October 8, 2005. Working with the Committee to Encourage Corporate Philanthropy, a nonprofit forum of CEOs and Chairpersons, to which Mr. Weill was named Chairman of the Board in July 2004 and is now Honorary Chairman, Mr. Weill and the business leaders quickly established the South Asia Earthquake Relief Fund. Through the efforts of Mr. Weill and the business leaders, the private sector has raised over \$100 million in cash and in-kind services to help the earthquake victims.

Mr. Weill, who had been Chairman and CEO of Travelers, became Chairman of its predecessor, Commercial Credit Company, in 1986, successfully leading the company through a public stock offering by its then-parent, Control Data Corporation. Commercial Credit acquired Primerica Corporation in 1988 and adopted its name until 1993, when Primerica acquired The Travelers Corporation and adopted the Travelers Group name. In 1997, the company acquired Salomon Inc. and combined it with its Smith Barney unit to form the global securities and investment firm, Salomon Smith Barney.

Prior to 1986, Mr. Weill had been President of American Express Company and Chairman and Chief Executive Officer of its Fireman's Fund Insurance Company subsidiary.

His affiliation with American Express began in 1981 when the company acquired Shearson Loeb Rhoades. Shearson's origins date back to 1960 when Mr. Weill and three partners co-founded its predecessor, Carter, Berlind, Potoma & Weill. He served as the firm's Chairman from 1965 to 1984, a period in which it completed over 15 acquisitions to become the country's second largest securities brokerage firm. In 1993, when Travelers Group acquired Shearson Lehman Brothers' retail brokerage and asset management businesses, he was reunited with the firm he founded.

Mr. Weill became a Director of the Federal Reserve Bank of New York in 2001. He also served as a Director on the Boards of United Technologies Corp. from 1999 to 2003, AT&T Corp. from 1998 until 2002, and of E. I. Du Pont Nemours and Company from 1998 until 2001. Also, Mr. Weill, the 1997 recipient of the New York State Governor's Art Award, has been Chairman of the Board of Trustees of Carnegie Hall since 1991, and previously served as Co-Chairman of the Steering Committee for the Campaign that raised \$60 million for the Hall's restoration. He is

also a Director of the Baltimore Symphony Orchestra. Mr. Weill is Chairman of the Board of Overseers for The Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences of Cornell University, having joined the board in 1982 and becoming chair in 1996. (Cornell named the medical college after the Weills in April 1998 in recognition of their support.) A Trustee Emeritus of the university, he serves on the Advisory Council of its Johnson Graduate School of Management. In addition, he is a Trustee of New York Presbyterian Hospital and an Overseer of Memorial Sloan-Kettering Cancer Center. Mr. Weill is a former member of The Business Council and served on the Working Group on Child Care, headed by then U.S. Secretary of the Treasury Robert E. Rubin. In July 2002, Mr. Weill was the recipient of *Chief Executive* magazine's 2002 CEO of the Year Award. Recently, the EastWest Institute awarded Mr. Weill their Corporate Leadership Award in December 2005 at an event in London with Prime Minister Tony Blair.

Long a proponent of education, Mr. Weill instituted a joint program with the New York City Board of Education in 1980 that created the Academy of Finance, which trains high school students for careers in financial services. He serves as Chairman of the National Academy Foundation, which oversees more than 640 Academies that operate in 41 states and the District of Columbia, and is the principal sponsor of New York City's High School of Economics and Finance. The National Academy Foundation and the Gates Foundation have recently started an exciting new partnership.

Mr. Weill, who was born on March 16, 1933, is a graduate of Cornell University. He and his wife, Joan, have been married for 50 years. They have two adult children and four grandchildren.

Testimony by Bryan Ardouny  
Executive Director of the Armenian Assembly of America  
Before the House Committee on Appropriations Subcommittee on State,  
Foreign Operations, and Related Programs

March 20, 2008

Testimony for Fiscal Year 2009

Chairwoman Lowey,  
Ranking Member Wolf,  
and distinguished Members of the Subcommittee,

The Armenian Assembly of America appreciates the opportunity to provide testimony regarding U.S. assistance and policy in the Caucasus generally, and with respect to Armenia and Nagorno Karabakh specifically. Established in 1972, the Armenian Assembly of America is the largest Washington-based nationwide organization promoting public understanding and awareness of Armenian issues. We have not received any federal grants during the past two fiscal years. The Assembly reinforces the funding priorities made by your colleagues on March 19<sup>th</sup> and urges that no military aid be provided to Azerbaijan given its ongoing bellicose statements and aggressive actions. At the same time, and noting Armenia's contributions to the ongoing war on terror, we urge the Subcommittee to allocate \$5 million in military funding to Armenia for Fiscal Year 2009, specifically \$4 million in Foreign Military Financing (FMF) and \$1 million in International Military Education and Training (IMET). We also ask that the Subcommittee provide "not less than" \$70 million to Armenia and that \$10 million be allocated to Nagorno Karabakh from funds under the FREEDOM Support Act (FSA).

We strongly believe that U.S. policy in the South Caucasus should continue to focus on helping countries in the region succeed in nation-building, by encouraging vigorous development of democracy and rule of law, promoting fair and lasting resolution to the conflicts, and ensuring open borders and commercial corridors in the region to provide for equitable development. The February 19<sup>th</sup> presidential election in Armenia and the post-election unrest point to the critical need for strong stabilization programs to strengthen Armenia's democratic institutions and to promote the rule of law and good governance. The Armenian Assembly remains committed to these core principles.

**Recommendations for Fiscal Year (FY) 2009**

**1. Assistance to Armenia/Elimination of Blockades**

The Assembly urges the Subcommittee to maintain U.S. assistance to Armenia in FY 2009 at a level of "not less than" \$70 million. It is essential that robust assistance to Armenia be maintained in the face of the fifteen-year blockades imposed by its neighbors, Turkey and Azerbaijan. Despite successful reforms, Armenia's full economic potential cannot be realized as long as its eastern and western borders remain under blockade.

Despite the ongoing blockade, Armenia's economic reform measures are progressing, as demonstrated by the *Wall Street Journal* and Heritage Foundation's "2008 Index of Economic Freedom," which ranked Armenia 28th out of 157 countries.

The United States should ensure that concrete steps are taken to remove the blockades, thereby alleviating the financial hardships they cause. We urge the Subcommittee to institute new report language requiring a full accounting of the steps the U.S. has taken and the responses therein to eliminate the Turkish and Azeri blockades of Armenia.

## **2. Millennium Challenge Act (MCA)**

We welcome the spirit and intent of the Millennium Challenge Act (MCA) and the compact between the United States and Armenia, and are pleased with the success of the first year of its implementation. We also share the concerns raised by many Members of the Subcommittee that MCA funding should not be used as a substitute for funding in other areas. Specifically, MCA funding for Armenia, which supports rural roads and irrigation infrastructure development, should not be used as a justification to cut FSA funding that promotes economic and institutional reforms, democracy-building and civil society development. Although there are strongly held concerns and views regarding the aftermath of the February presidential election in Armenia, calls to suspend or revoke the MCC program, which benefits the people of Armenia, should be rejected as such assistance should not be interrupted at this critical time.

## **3. Regional Cooperation and Energy Security**

We also wish to draw the attention of the Subcommittee to Armenia's energy security – a fundamental element of the country's economic vitality. During the past decade, strategic energy projects launched with U.S. support in the South Caucasus have created long-term development opportunities for most of the nations in the region. However, these initiatives have not benefited Armenia, due to the Turkish and Azerbaijani blockades. The Armenian Assembly, therefore, urges the Subcommittee to utilize the tools at its disposal to pave the way for Armenia's full involvement in, and contribution to, existing and future energy and development projects in the region. The Assembly also urges parallel U.S. assistance targeted to help Armenia address critical energy security needs through diversified and affordable sources of energy, including non-hydrocarbon, in order to reduce the risk of overdependence on limited regional routes or suppliers. In this regard, we particularly encourage effective U.S. assistance to, and robust cooperation with the Republic of Armenia in the area of civilian nuclear energy development to enable the construction of a new nuclear reactor in Armenia before the existing one is decommissioned. There is already a bilateral process in place that allows the U.S. and Armenian governments to address that issue at various levels, and we encourage the Subcommittee to consider specific steps to enable the Administration to work effectively with Armenia toward that important objective.

## **4. U.S. Military Assistance**

The Assembly urges the Subcommittee to appropriate \$4 million in Foreign Military Financing, and \$1 million in International Military Education Training assistance to Armenia. The conditional waiver of Section 907 of the FREEDOM Support Act makes it clear that any assistance provided shall not "undermine or hamper" the Karabakh peace process or "be used for offensive purposes against Armenia" or any "Armenian community in the Caucasus region."

Given the recent rapid militarization of Azerbaijan combined with unabated war and hate rhetoric against Armenia, we strongly recommend the Subcommittee to withhold any military funding to Azerbaijan.

In fact, Azerbaijan has escalated its war rhetoric against Armenia, despite U.S. demands to cease such provocative actions. Rather than heed U.S. and European Union calls for cooperation with Armenia, Azerbaijan has rejected Armenia's numerous proposals for economic and regional confidence-building, and has instead dramatically increased its military spending to levels that nearly equal Armenia's entire national budget, engaged in vitriolic statements, and violated the cease-fire agreement. Given these factors, further such assistance to Azerbaijan would be detrimental to the peace process and the stability of the region as a whole.

Meanwhile, the U.S.-Armenia military relationship, at both the bilateral and Euro-Atlantic levels, has grown, as evidenced by Armenia's continued participation in the U.S.-led coalition in Iraq, as well as in Kosovo as part of the NATO peacekeeping mission.

The Assembly strongly believes that it is in the U.S. national interest to build upon this important area of cooperation with Armenia at both bilateral and Euro-Atlantic levels, and looks forward to working with the Subcommittee to further expand U.S.-Armenia military relations.

#### **5. Section 907 of the FREEDOM Support Act**

Given the ongoing war rhetoric emanating from Azerbaijan, the Assembly urges the vigorous monitoring of the conditional waiver of Section 907 of the FREEDOM Support Act to ensure the safety of Armenia and Nagorno Karabakh, and expects for the Administration to provide substantive reporting in this regard. As the Subcommittee is aware, in the aftermath of September 11th, pursuant to then-Secretary of State Colin Powell's request for flexibility to counter terrorist elements and organizations operating in Azerbaijan, Congress granted a conditional and limited waiver to Section 907. While safeguards were built into the waiver, the Assembly remains deeply troubled by Azerbaijan's continued aggressive posture against Armenia and Karabakh, which necessitated Section 907 in the first place. We urge this Subcommittee to give serious consideration to suspending the waiver authority it granted and reinstating Section 907.

#### **6. Assistance to Nagorno Karabakh (NK)**

The Assembly commends the vision and leadership of the Subcommittee for its continued support of critical assistance to NK. We request that the Subcommittee allocate \$10 million for Karabakh in FY 2009. While progress has been made in Karabakh, there are still many compelling humanitarian and development needs resulting from the war launched against the people of Karabakh by Azerbaijan. For example, out of some 5,000 homes damaged or destroyed by the war, only a fraction has been restored. In addition, many healthcare, education, drinking water, sanitation and other needs have yet to be addressed, including the urgent need for a new public hospital in Stepanakert. The Assembly strongly urges the Subcommittee to ensure that continued funding be provided to rehabilitate damaged infrastructure and encourage development. To that end, funds directed to the National Adult Hospital Project in Stepanakert will assist Karabakh in providing critical health needs for its people. We also support renewed ties between the United State with Nagorno Karabakh and echo the request of your colleagues in



including report language as follows: “The Committee directs the Department to move in the direction of diplomatic relations with Nagorno Karabakh. An open dialogue between the United States and the people of Nagorno Karabakh will serve to alleviate international threats to Nagorno Karabakh and aid in reaching a peaceful resolution to regional conflicts.”

#### **7. The Nagorno Karabakh Peace Process**

The Assembly praises the Subcommittee for previously providing funding for confidence-building measures to help facilitate a peaceful resolution of the Karabakh conflict. In order to facilitate peace, the Assembly requests that these funds continue to be made available for increased cooperation among Armenia, Azerbaijan and Karabakh. In particular, the Assembly recommends that the Subcommittee direct Azerbaijan to abandon its current belligerent anti-Armenian campaign and support confidence-building measures that facilitate interaction among the parties, in order to address the region’s urgent security and development needs jointly, while also working toward a negotiated settlement.

We would also like to express strong concerns regarding the recent Azerbaijani military build up and cease-fire breach along the Line of Contact with Nagorno Karabakh. These breaches highlight the dangerous attempts of the Azeri government not only to further destabilize the region and actively thwart the peace process, but also to blatantly exploit the tense political situation in Armenia. It is evident that the Azeri policy to increase military expenditures exponentially, constitutes a threat to the long-term stability and security of the region, particularly Armenia and Nagorno Karabakh, and represents a strategic obstacle to the U.S.-mediated peace talks on the resolution of the Nagorno Karabakh conflict.

#### **8. Conclusion**

Madam Chairwoman, on behalf of the Armenian-American community, I would like to express our deep and sincere gratitude to Congress for its assistance to Armenia and Nagorno Karabakh. Armenian-Americans remember the support the U.S. provided during Karabakh’s struggle throughout the Soviet era, and America’s proud World War I record of intervention during the Armenian Genocide. The enduring and natural bonds that exist between the U.S. and Armenia are readily apparent in Armenia’s ongoing support for America.

Armenia stands at the crossroads of Europe and Asia and on the frontlines in the new war against terrorism. Armenians in Armenia and Nagorno Karabakh look to the United States as the leader of the Western world and a beacon of hope in pursuit of freedom and self-determination. They stand ready to help America ensure the defeat of terrorism and triumph of democracy.

The Armenian Assembly of America greatly appreciates your attention to these very important matters and looks forward to working with the distinguished Members of the Subcommittee throughout the remainder of the 110th Congress.

**Bryan Ardouny**

Bryan Ardouny was appointed Executive Director of the Armenian Assembly of America in April 2005 following a one year stint on the Assembly's Board of Directors.

Prior to that, Ardouny served as Acting Executive Director and Director of Government Relations, where he spearheaded the Assembly's efforts to maintain Section 907 of the Freedom Support Act during the House and Senate floor fights in 1998 and 1999 respectively. The following year, Ardouny rallied congressional and community support for an Armenian Genocide resolution which nearly passed the House of Representatives, but was pulled from a floor vote in October of 2000. In late 2002, he led the Assembly's successful effort to remove Armenia when it was mistakenly added to the list of countries whose non-immigrant male nationals over the age of 16 residing in the U.S. must register with the U.S. Immigration and Naturalization Service.

Before coming to the Assembly, Ardouny served as Legislative Counsel to a senior Member of the House Energy and Commerce Committee, where he handled numerous legislative issues including: environmental, budget, international relations, transportation and tax, among other policy matters.

Ardouny graduated Phi Beta Kappa from Hofstra University in New York and received his law degree from California Western School of Law. He currently resides in Virginia with his wife, Mary Ellen and their sons Johnathan and Christopher.

Written Statement for the Record

by Adil Baguirov, Ph.D.  
Managing Director, U.S. Azeris Network (USAN)  
Washington, D.C.

Before the United States House of Representatives  
Committee on Appropriations  
Subcommittee on State, Foreign Operations, and Related Programs

March 20, 2008

P.O. Box 76044, Washington, D.C., 20013-6044 – Phone: (202) 280-6702  
Email: [adil@usazeris.org](mailto:adil@usazeris.org) On the web: [www.usazeris.org](http://www.usazeris.org)

Chairwoman Lowey, members of the subcommittee, it is indeed an honor to have the opportunity to provide input as you and your colleagues take up the important task of crafting a new appropriations bill. My name is Adil Baguirov, Ph.D., and I am the Managing Director of the U.S. Azeris Network (USAN), the first and only not-for-profit, nonpartisan, nonsectarian volunteer grassroots organization dedicated to voter education and advocacy for the Azerbaijani-Americans and their friends, and in light of this, advancement of strategic allied relations between U.S. and Azerbaijan, with special attention given to issues of energy security, ethnic and religious tolerance, military and security relations, nuclear non-proliferation, foreign aid and technical assistance, compliance with international law and UN resolutions.

**EXECUTIVE SUMMARY**

USAN and its members fully support the Administration's FY2009 proposed budget request of at least \$19.5 million for the valuable strategic U.S. ally nation of Azerbaijan and no more than \$24 million for Armenia. Also, USAN fully supports Administration's proposal to not include any specific assistance for the Armenia-occupied Nagorno-Karabakh region of Azerbaijan. Furthermore, USAN fully supports Administration's request of at least \$900,000 in International Military Education and Training (IMET) aid to Azerbaijan and no more than \$300,000 for Armenia, as well as no less than \$3 million in Foreign Military Financing (FMF) for Azerbaijan and no more than \$3 million for Armenia. Administration's request is sound and logical, based on past performance and real needs assessment of these nations by the State Department and the Pentagon. USAN also supports Sec. Rice's signal that all aid to Armenia, including the \$235.6 million MCC compact, be reviewed and disbursed more carefully in light of the emergency rule there and hundreds of peaceful protesters being killed and wounded this month alone.

**INTRO – AID TO ARMENIA AND AZERBAIJAN SINCE 1992**

When Armenia established its independence in the aftermath of the Soviet break-up, U.S. undertook massive financial aid and assistance to that nation. From day one, Armenia became the second largest per capita recipient of US aid in the world. Since 1992 Armenia has received over \$1,777 billion in US aid, plus \$236 million for 5 years in MCC funds. Incidentally, in years

1918-1920, Armenia received over \$50 million in U.S. loans, which in 2008 dollars is worth \$623,121,387.28. This is for a **grand total of \$2,636 billion.**

According to the calculations by the CRS, Armenia has received **\$225 million in cumulative budgeted US foreign assistance for democratization** (about 13 percent of all aid to that nation) from FY92 through FY06 (RS22675, Jun 8, 2007, p. 6). These figures do not include millions in additional democratization aid appropriated in FY07 and FY08. Naturally, it was expected that these extremely generous funds would result in more, not less, democracy in Armenia, as well as more stable region. Unfortunately, as time has shown, both expectations were not fulfilled, as indeed, there is less stability and less democracy in Armenia than in the 1990s.

As all the elections in Armenia have shown, most vividly the February 2008 presidential elections and its violent aftermath, U.S. efforts have failed and money was all but wasted. Consider the official facts (independent and opposition report offer far higher figures): at least 8 people killed, over a hundred wounded, tanks and army patrolling the streets of the capital, full-scale government censorship of all communications for at least 20 days, and main opposition contender under house arrest.

Additionally according to the CIA World Factbook and all other U.S. government sources, including the White House, State Department and the CRS, **Armenia is also militarily occupying 16% of neighboring Azerbaijan (including the NK region), displacing 800,000 ethnic Azeris in the process, placing an even harder moral and financial burden on its population, to sustain and support its military machine.** Indeed, Congress and CRS note, "Armenia's shift away from a war footing would also further U.S. interests in Armenia's economic development and improved standards of living (Congressional Budget Justification for Foreign Operations, FY2007)" (RL30679, Updated Jan 31, 2008, p. 29).

Compare this with **Azerbaijan, a victim of occupation and ethnic cleansing by Armenia, yet has received only \$746 million in cumulative budgeted U.S. foreign assistance from FY92 through FY08, of which only about \$75 million were for democratization. No other loans, grants or MCC compacts were given to Azerbaijan. Thus, larger Azerbaijan, a strategic U.S. ally, has received some 4 times less aid than a smaller and highly militarized Armenia.** As the CRS report notes, "The United States has provided most assistance for democratization to Armenia, and somewhat less for Georgia. U.S. aid for democratization in Azerbaijan was explicitly permitted by Congress [only] in FY1998 and thereafter" (ibid., p. 48).

**In spite of Armenia being the second largest U.S. aid recipient in the world, it ended up having markedly worse presidential elections than Azerbaijan did in 2003.** It should be noted that Azerbaijan is suffering from occupation of its lands by Armenia and has to grapple with 10% of its entire population being displaced. This shows that the disproportionately high, no-strings-attached U.S. aid to Armenia has been ineffective at best and has failed at worst, which was in line with the signs that the MCC, the Freedom House and other respected groups have started to notice and publicly say years ago.

This is the wrong message to send – we should not be rewarding a corrupt and militaristic regime in Armenia, which is not only occupying its neighbors' lands, conducts ethnic cleansing and

engaged in crimes against humanity (e.g., Khojaly Massacre), but also violently kills its own citizens during its elections and conducts markedly worse elections than its neighbors.

#### **NO DIRECT AID TO NAGORNO KARABAKH SHOULD BE PERMITTED**

Direct aid to the Armenia-occupied Nagorno Karabakh region of Azerbaijan obviously causes irritation and protests on the part of both Azerbaijan and the Azerbaijani-Americans, and spoils the relations between allies significantly. **U.S. is the only country in the world to allocate aid directly to the occupied region, bypassing central authorities in Baku.** Aside from this move sending the wrong message symbolically, this money, which is at 10-15% of the total economy of the occupied territories, **frees up funds for the Armenian armed forces to continuing illegal occupation of 16% of Azerbaijan, buying arms, as well as serving as a black hole for narcotics and drug trade, arms smuggling** (there is a 132 km border with Iran), diamond and precious metals trade, etc. I am submitting several proofs of this for the record below. Hence, it is absolutely essential that the counter-productive and inappropriate allocation of direct U.S. aid to the occupied Nagorno Karabakh region of Azerbaijan be finally put to stop this year.

Official U.S. government position on the Armenia-Azerbaijan conflict over NK region of Azerbaijan: "The actions taken by the government of Armenia in the context of the conflict over Nagorno-Karabakh are **inconsistent** with the territorial integrity and national sovereignty principles of the Helsinki Final Act. **Armenia supports Nagorno-Karabakh separatists in Azerbaijan both militarily and financially. Nagorno-Karabakh forces, assisted by units of the Armenian armed forces, currently occupy the Nagorno-Karabakh region and surrounding areas in Azerbaijan.** This violation and the restoration of peace between Armenia and Azerbaijan have been taken up by the OSCE." (Presidential Determination (PD) No. 99-8 of December 8, 1998, and PD No. 98-11 of January 26, 1998, Memorandum for the Secretary of State, Re: "Assistance Program for the New Independent States of the Former Soviet Union.")

**"Furthermore, the occupation of 20% of the Azerbaijani territories by Armenian military forces that resulted in 132 km of the state border with Iran not being controlled by the Government of Azerbaijan, constitutes a major impediment for achieving progress in the fight against trafficking not only in Azerbaijan but also in the entire region, since this border area, the so-called "criminal black hole", is used as an attractive trafficking channel."** (11th OSCE Economic Forum on Trafficking in Human Beings, Drugs, Small Arms and Light Weapons: National and international economic impact. Country Report: Azerbaijan).

"There were credible reports that **Armenian immigrants from the Middle East** and elsewhere, had settled in parts of **Nagorno-Karabakh and possibly other Azerbaijani territories occupied by Armenian forces.**" (U.S. Department of State, 31 March 2003, sect. 2d)

#### **MILITARY AND SECURITY AID**

I believe that Azerbaijan's one-of-a-kind record as a predominantly Shi'a Muslim nation that sent peacekeepers to Kosovo, Afghanistan and Iraq, was among the first to offer assistance after the tragedy of September 11, offered aid to the Katrina victims, extradited international terrorists, prevented nuclear and arms smuggling and proliferation, etc., speaks for itself. However, in light

of recent escalation of violence between the Azerbaijani army and the Armenian occupational army stationed in Nagorno Karabakh region of Azerbaijan and seven other Azerbaijani regions adjacent to it, the U.S. State Department's statement on Armenia's military is noteworthy:

"Armenian compliance with CFE has been uneven. In addition to Armenia's longstanding failure to properly notify or carry out reductions required by the Treaty, there are serious concerns about the completeness of Armenia's data on equipment holdings. Also of concern are: evidence that Armenia may have failed to notify increases in unit holdings involving CFE Treaty limited equipment transferred from Russia, the fact that Armenia continues to station troops and CFE limited equipment on the territory of Azerbaijan without Azerbaijani permission, and evidence that Armenia made a late notification of the entry into service of multiple rocket launchers purchased from China. Another area of concern is Armenia's failure to report the apparent transfer of TLE from Russia in the mid-1990s. There has been no change in this issue by the Armenians. Armenia has taken no new steps toward resolving this issue since the Trilateral Commission, established in 1997 to investigate the transfers, stopped meeting in April 1998. Both Armenia and Azerbaijan have maintained that it is impossible for them to meet certain Treaty obligations because of security concerns associated with the Nagorno-Karabakh conflict.... On May 9, 2002, the U.S. imposed sanctions on two Armenian entities – Lizin Open Joint Stock Company and Armenian national Armen Sargasian – pursuant to the Iran Nonproliferation Act for the transfer of Australia Group-controlled items to Iran in the second half of 2001." ("U.S. Government Assistance to and Cooperative Activities with Eurasia -FY 2003", Released by the Bureau of European and Eurasian Affairs, January 2004, <http://www.state.gov/p/eur/rls/rpt/37969.htm>)

## CONCLUSION

USAN fully supports the Administration's FY09 request for Azerbaijan and Armenia. Specifically, all Azerbaijani-Americans and our friends unequivocally reaffirm that the foreign aid levels should be:

**Armenia – no more than \$24 million**

**Azerbaijan – at least \$19.5 million**

**Armenia-occupied Nagorno-Karabakh region of Azerbaijan - \$0.00 million**

The CRS, State Department, White House, UN Security Council, and OSCE all state that in the 1990's, through war and ethnic cleansing, Armenia occupied the Nagorno Karabakh (NK) region of Azerbaijan and seven (7) other regions (which is 16% of the entire territory of Azerbaijan). During the war, 800,000 Azerbaijanis were forced to flee, becoming refugees and internally displace persons (IDPs). **U.S. should not reward Armenia for torpedoing the peace process and not complying with UN resolutions and international law.** Meanwhile, by directly allocating funds to the occupied NK region of Azerbaijan, Congress would be in direct contradiction to the current U.S. policy, would be taking sides, making U.S. position both partial and vulnerable to criticism in that important region, particularly by Muslim countries.

Honorable members of Congress, members of the subcommittee, thank you again for this opportunity to address you on this important matter.

Committee on Appropriations  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Adil Baguirov, Ph.D.

Address: P.O. Box 76044, Washington, D.C., 20013-6044

Telephone: (202) 280-6702

Organization you represent (if any): U.S. Azeris Network (USAN)

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount: 0

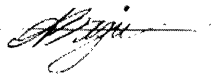
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: None Amount: 0

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you: \_\_\_\_\_

Signature:  \_\_\_\_\_

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

**Committee on Appropriations  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses**

Adil Baguirov, Ph.D. is the co-founder and Managing Director of the U.S. Azeris Network (USAN), a not-for-profit, nonpartisan, nonsectarian volunteer grassroots organization dedicated to voter education and advocacy of the Azerbaijani-Americans and other Turkic-Americans. USAN is the first genuine grassroots organization which is making a nationwide attempt to bring all the Azerbaijani-American current and potential voters together, to educate them about the importance of voter registration and voting in all elections, engage them into the American political debate, energize them to vote and be active on important issues facing the Azerbaijani-American community and the country at large, link and unite the Azerbaijani-American voters, strive to be recognized as a voice on the issues pertaining to the Azerbaijani-American voters, particularly relations between U.S. and Azerbaijan and the greater Caucasus and Caspian, in the areas of energy security, ethnic and religious tolerance, military and security relations, foreign aid and technical assistance.

Dr. Adil Baguirov is currently a post-doctoral fellow in energy security studies at the MGIMO University's Institute of Energy Politics and Diplomacy, and holds degrees in International Relations and Business Administration from the University of Southern California (1999), and a Ph.D. in Political Science from Moscow State Institute of International Relations (2003).

Dr. Baguirov held numerous speaking engagements on various political and economic developments in the Caspian area and Former USSR at such research centers as the RAND Corporation (Los Angeles), The Heritage Foundation (Washington DC), Central Asia-Caucasus Institute (CACI) of Johns Hopkins University (JHU), was the co-chair at the energy security panel at the Riga NATO Summit's Young Leaders Forum (November 2006), "Caucasus in 20 years" forum at the French Senate (February 2008), and a Guest Lecturer at several institutions of higher learning in the United States, Azerbaijan and Russia. Dr. Baguirov is a frequent speaker and chair at various Eurasia-related conferences in the U.S., such as at Columbia University, Utah University, Montana University, University of California at Los Angeles, University of California at Berkeley, and Georgetown University.

In addition to publishing a monograph, "Internet as a factor in globalization of international relations and world politics" (2003, ISBN 5-901931-08-4) and an encyclopedia chapter on FSU in the "International Security and the United States [Two Volumes]: An Encyclopedia", Karl DeRouen and Paul Bellamy (eds.), Greenwood Press, 2008, as well as numerous scholarly articles, his articles and op-eds on Caspian energy, Caucasus geopolitics and democratization, and history of the region, have been published in The Washington Times, The Los Angeles Times, Azerbaijan International (USA), The Asia Times (China), ISN (Switzerland), Echo (Azerbaijan), Zerkalo (Azerbaijan), Day.az, The Journal of Turkish Weekly (Turkey), The Moscow Times (Russia), The Caucasian Review of International Affairs (Germany), Georgetown University's



ENERGIA journal (USA), International Affairs (Russia), Russia Profile magazine (Russia), Oil of Russia (Russia), and Oil and Gas Vertical (Russia).

Dr. Baguirov is currently the Vice President for International Affairs at a Houston-based WSP, Inc., an international energy and infrastructure consulting firm. He lives in Washington, D.C.

March 18, 2008

The Honorable Nita Lowey  
Chair  
Subcommittee on State and Foreign Operations  
House Appropriations Committee  
Washington, D.C.  
(By Electronic Means)

Dear Chairman Lowey:

On behalf of the Nature Conservancy and its one million members, please find attached our testimony for the record to your Subcommittee on State and Foreign Operations in support of the Fiscal Year (FY) 2009 budget of the U.S. Agency for International Development (USAID) and other conservation programs that benefit developing countries.

USAID is the largest single source of U.S. Government support to international conservation -- \$195 million was appropriated for FY 2008. Our international programs and those of dozens of conservation organizations globally benefit from USAID support. Better conservation of natural resources is increasingly necessary for the sustainable development of many countries, and for their internal and external peace. Natural systems upon which people depend are under ever-increasing pressure worldwide, but especially in the developing countries. The natural heritage that supports humanity is at risk. The chances of ecological disasters are rising. Many countries are too poor to do an adequate job of conservation. They need increased outside help. If they do not get it, we Americans will pay part of the price -- through witnessing the destruction of much of the wonderful wildlife we admire, but also through wars, civil unrest, and humanitarian disasters that we Americans will, as global leaders, have to help deal with.

We urge the Committee to provide firm legislative leadership, directing USAID to continue making conservation a priority in FY2009, at this increased level of funding, in the context of an overall increase in U.S. foreign assistance to strengthen U.S. global leadership.

We also urge that the Committee make its best effort to pay a substantial portion of the U.S. arrears to the Global Environment Facility (GEF) -- arrears that are currently \$170 million and whose payment would leverage more than \$1 billion of projects on the ground.

Sincerely,

Nat Williams  
Acting Director of Government Relations

TESTIMONY FOR THE RECORD  
OF  
NAT WILLIAMS  
ACTING DIRECTOR OF GOVERNMENT RELATIONS  
THE NATURE CONSERVANCY  
SUBMITTED TO  
THE  
HOUSE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON STATE AND FOREIGN OPERATIONS  
MARCH 18, 2008

The Nature Conservancy (TNC) urges the Committee to continue its strong tradition of support to international conservation by appropriating, in Fiscal Year 2009, \$250 million for conservation of biodiversity within the Development Assistance account of the U.S. Agency for International Development (USAID); \$80 million for the Global Environment facility (GEF), the same pledge level as in recent years, plus as much as possible toward the U.S.'s \$170 million of arrears (ideally, paying half this year and the rest next year); \$20 million for the Tropical Forest Conservation Act (TFCA) debt-for-forest program (the same level as in recent years); and \$12 million for international conservation programs within the International Organizations and Programs (IO&P) account at the Department of State.

The mission of The Nature Conservancy is to preserve the plants, animals, and natural communities that represent the diversity of life on Earth, by protecting the lands and waters they need to survive. Our work in the United States and abroad is closely related. For example, it is not possible to protect migratory birds in their summer ranges, inside the United States, without also taking care of their winter ranges in Latin America and the Caribbean. A healthy natural environment is a key element in genuinely sustainable economic and social development around the world. Too often, short-term considerations drive bad choices, whose results can be catastrophic for both the natural world and for the people who live with and by means of that world. A healthy and sustainable environment promotes peace and security.

We support local conservation groups in the developing world that work to raise the effective level of protection at parks and nature preserves established by the local governments. We work with local communities to increase the constituency for conservation. We support sustainable development projects to create jobs and improve the productivity and standard of living of rural people. We work cooperatively with landowners to promote conservation on private lands. We are a private, non-profit organization. Our last private capital fund campaign raised more than \$1 billion, \$120 million of that for our international work. We are in the midst of a new private campaign, which will raise even larger sums for international conservation.

But peer-reviewed research has shown that the funding shortfalls in international conservation are much larger than even the Conservancy, and our allies in the conservation movement, can raise privately. Governments must help on a much larger scale or the

conservation mission is likely to fail and the world's people will suffer the consequences. Fortunately, governments are stepping up to this challenge. Last year, the Congress increased USAID conservation funding. Recently, Norway pledged \$2.5 billion over five years for forest conservation in the developing countries; this pledge will make Norway the world's largest donor to conservation. The German government has started a new international conservation fund, with an initial grant of more than \$60 million and more anticipated in the near future.

We urge you to fund USAID conservation at the increased level of \$250 million and to provide firm legislative guidance to USAID, directing the Agency to maintain enhanced conservation of natural resources as a mission essential to the long-term and sustainable development of the world. We urge you to instruct the Agency to reconsider its recent opposition to large regional conservation programs. Experience has shown that such programs, including current work in the Congo and Amazon basins, and the Coral Triangle Initiative (CTI) that is just beginning with strong support from governments in the East Asia region, are often the best and most efficient way to address problems that do not respect national borders. This increased level of funding would allow USAID to respond fully to new opportunities like CTI while not abandoning -- in fact strengthening -- its record of terrestrial conservation.

The Tropical Forest Conservation Act (TFCA) is also funded within State and Foreign Operations. We recommend that TFCA be funded at \$20 million (the Administration request and the same level as in recent years). TFCA has shown good results and good leverage on the federal investment. TNC alone has donated \$6 million to TFCA deals. TNC is a donor to TFCA deals, not a financial beneficiary, but the cause of international conservation benefits greatly. TFCA deals are likely over the next year in Brazil and Indonesia.

Conservation programs within the International Organizations and Programs (IO&PO) account at State Department pay for core U.S. support to such bodies as the International Conservation Union (IUCN), the RAMSAR Convention on wetlands, and for programmatic activities that help protect gorillas in the Congo, the International Coral Reef Initiative, and to reduce illegal logging. An increase to \$12 million would help all those good causes.

The Global Environment Facility (GEF) is the largest single source of environmental funds (including conservation) in the world. The U.S. Government contributes 22 percent, which is leveraged nearly 4 to 1 by other governmental donors, then further leveraged at least 2 to 1 by local "match," so that ultimately every dollar of U.S. money is leveraged at least 10 to 1 for on-the-ground environmental projects. The Administration's request level for FY 2009 is \$80 million (the pledge level); we support this. Additionally, we hope and assume that the Committee will make an effort to pay toward U.S. arrears in several multilateral bodies. We support \$85 million of arrears payment for the GEF. We urge, at a minimum, that the GEF receive a fair share of any available total for arrears payments. If the U.S. pays up in full at the GEF, other donors will release more than \$200 million they have "fenced" from being spent. With local match, that would ultimately mean over \$1 billion for projects.

Thank you for this opportunity to submit testimony

***Nat Williams******Vice President & State Director******The Nature Conservancy of Maryland/DC******And currently also Acting Director, TNC Government Relations***

Nat Williams is Vice President, State Director of the Maryland Chapter of The Nature Conservancy, a position he assumed in July of 1995. Mr. Williams has been with The Nature Conservancy since March of 1981. For twelve years he was the Director of The Conservancy's Government Relations Division, responsible for representing the organization before Congress and the executive branch and working with various Conservancy state chapters on state legislative issues. In 1993 Mr. Williams took a nine month sabbatical and lived in Sydney, Australia. There he learned about biodiversity conservation and how it is accomplished Down Under, and then facilitated the creation of the Conservancy's Australia Program. Upon his return, Mr. Williams undertook several senior management initiatives for the organization as Director of Special Projects for almost two years before being appointed the State Director in Maryland. Prior to his career with the Conservancy, Mr. Williams had served as a Regional Director for Common Cause, a member of the staff of Congressman Abner Mikva, and as Assistant Editorial Director and Assistant Political Analyst for WBBM-TV (CBS) in Chicago, Illinois, as well as Chief Investigator for the Office of Consumer Advocate for the Governor of Illinois. Mr. Williams is a graduate of Lake Forest College.

**THE NATURE CONSERVANCY**

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**FINANCIAL STATEMENTS,  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, AND  
SCHEDULES OF INDIRECT COST RATE COMPUTATIONS  
for the year ended June 30, 2007  
AND REPORTS UNDER OMB CIRCULAR A-133 THEREON**

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## THE NATURE CONSERVANCY

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**Report of Independent Auditors on Financial Statements, Schedule of Expenditures of Federal Awards, and Schedules of Indirect Cost Rate Computations**

To the Board of Governors of  
The Nature Conservancy

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of The Nature Conservancy (the Conservancy) at June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the Conservancy's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007, on our consideration of the Conservancy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2007. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses for the year ended June 30, 2007 with summarized totals for the year ended June 30, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying Schedule of Expenditures of Federal Awards and Schedules of Indirect Cost Rate Computations are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

November 16, 2007



**The Nature Conservancy**  
**Consolidated Statements of Financial Position**  
**As of June 30, 2007 and 2006**

| <i>(Amounts in thousands)</i>  | <b>2007</b>         | <b>2006</b>         |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| <b>Current assets</b>  |                     |                     |
| Cash and cash equivalents  | \$ 19,681           | \$ 16,085           |
| Investments  | 75,650              | 231,828             |
| Notes receivable - current   | 6,676               | 1,487               |
| Government grants receivable   | 23,047              | 16,208              |
| Pledges receivable - current   | 37,365              | 94,490              |
| Deposits and other current assets  | 23,700              | 19,657              |
| Total current assets   | <u>186,119</u>      | <u>379,755</u>      |
| Restricted cash  | 35,243              | 29,478              |
| Notes receivable - long-term   | 8,510               | 17,866              |
| Pledges receivable - long-term, net of allowance for doubtful accounts   | 46,095              | 49,514              |
| Investments held for conservation projects                               | 630,744             | 491,305             |
| Trade lands  | 14,632              | 10,781              |
| Property and equipment, net of accumulated depreciation and amortization | 92,628              | 88,351              |
| Planned giving investments   | 298,528             | 257,656             |
| Endowment investments  | 1,161,229           | 922,044             |
| Conservation lands   | 1,780,350           | 1,502,629           |
| Conservation easements   | 1,161,434           | 1,079,115           |
| Total assets   | <u>\$ 5,415,512</u> | <u>\$ 4,828,494</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Consolidated Statements of Financial Position**  
**As of June 30, 2007 and 2006**

| <i>(Amounts in thousands)</i>                           | <b>2007</b>         | <b>2006</b>         |
|---|---------------------|---------------------|
| <b>Liabilities</b>                                      |                     |                     |
| Current liabilities                                     |                     |                     |
| Accounts payable  | \$ 12,156           | \$ 11,788           |
| Accrued salaries and vacation liability                 | 16,471              | 14,466              |
| Other accrued liabilities - current                     | 54,866              | 39,641              |
| Current maturities of notes payable and lines of credit | 10,071              | 21,986              |
| Deferred revenue - current                              | 21,003              | 14,609              |
| Total current liabilities                               | <u>114,567</u>      | <u>102,490</u>      |
| Notes payable - long-term                               | 417,091             | 340,864             |
| Accrued liabilities - long-term                         | 5,421               | 5,734               |
| Deferred revenue - long-term                            | 13,573              | 4,095               |
| Planned giving liability                                | 137,492             | 118,736             |
| Total liabilities                                       | <u>688,144</u>      | <u>571,919</u>      |
| <b>Net assets</b>                                       |                     |                     |
| Unrestricted  |                     |                     |
| Undesignated  | 12,395              | 2,030               |
| Board-designated  |                     |                     |
| Land, easements, and project funds                      | 2,953,755           | 2,700,167           |
| Endowment   | 1,061,942           | 850,283             |
|   | <u>4,028,092</u>    | <u>3,552,480</u>    |
| Temporarily restricted                                  | 445,864             | 462,190             |
| Permanently restricted                                  | 253,412             | 241,905             |
| Total net assets  | <u>4,727,368</u>    | <u>4,256,575</u>    |
| Total liabilities and net assets                        | <u>\$ 5,415,512</u> | <u>\$ 4,828,494</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Consolidated Statement of Activities**  
**For the year ended June 30, 2007**

| <i>(Amounts in thousands)</i>  | Unrestricted | Temporarily<br>restricted | Permanently<br>restricted | Total        |
|--|--------------|---------------------------|---------------------------|--------------|
| <b>Support and revenues</b>  |              |                           |                           |              |
| Contributions for operations   | \$ 109,510   | \$ 59,889                 | \$ -                      | \$ 169,399   |
| Contributions for land, land preservation fund, and other<br>conservation projects   | 120,189      | 32,090                    | 4,275                     | 156,554      |
| Contributions to endowments and similar funds  | 174          | 29,725                    | 7,232                     | 37,131       |
| Contributions of goods and services  | 15,213       | -                         | -                         | 15,213       |
| Mitigation and contracts   | 25,639       | -                         | -                         | 25,639       |
| Government grants  | 109,637      | -                         | -                         | 109,637      |
| Land and easements contributed for conservation  | 99,333       | -                         | -                         | 99,333       |
| Contributions of trade lands   | 9,892        | 5,270                     | -                         | 15,162       |
| Investment income  | 350,826      | -                         | -                         | 350,826      |
| Change in value of planned giving investments  | -            | 10,262                    | -                         | 10,262       |
| Royalties, fees, and other   | 25,341       | -                         | -                         | 25,341       |
| Total support and revenues before sales of<br>conservation land and easements and<br>net assets released from restrictions | 865,754      | 137,236                   | 11,507                    | 1,014,497    |
| Sales of conservation land and easements to<br>governments and others  | 262,944      | -                         | -                         | 262,944      |
| Net assets released from restrictions  | 153,562      | (153,562)                 | -                         | -            |
| Total support and revenues   | 1,282,260    | (16,326)                  | 11,507                    | 1,277,441    |
| <b>Expenses</b>  |              |                           |                           |              |
| Program expenses   |              |                           |                           |              |
| Conservation activities and actions  | 338,293      | -                         | -                         | 338,293      |
| Book value of conservation land and easements sold or<br>donated to governments and others                                 | 301,580      | -                         | -                         | 301,580      |
| Total program expenses   | 639,873      | -                         | -                         | 639,873      |
| Support services expenses  |              |                           |                           |              |
| General and administration   | 101,707      | -                         | -                         | 101,707      |
| Fund-raising   |              |                           |                           |              |
| General fund-raising   | 48,165       | -                         | -                         | 48,165       |
| Membership development   | 16,903       | -                         | -                         | 16,903       |
| Total support services expenses  | 166,775      | -                         | -                         | 166,775      |
| Total expenses   | 806,648      | -                         | -                         | 806,648      |
| Increase (decrease) in net assets  | 475,612      | (16,326)                  | 11,507                    | 470,793      |
| Net assets at beginning of year  | 3,552,480    | 462,190                   | 241,905                   | 4,256,575    |
| Net assets at end of year  | \$ 4,028,092 | \$ 445,864                | \$ 253,412                | \$ 4,727,368 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Consolidated Statement of Activities**  
**For the year ended June 30, 2006**

| <i>(Amounts in thousands)</i>  | Unrestricted | Temporarily<br>restricted | Permanently<br>restricted | Total        |
|--|--------------|---------------------------|---------------------------|--------------|
| <b>Support and revenues</b>  |              |                           |                           |              |
| Contributions for operations   | \$ 110,779   | \$ 64,338                 | \$ -                      | \$ 175,117   |
| Contributions for land, land preservation fund, and other<br>conservation projects   | 105,994      | 121,508                   | 300                       | 227,802      |
| Contributions to endowments and similar funds  | 291          | 9,877                     | 2,570                     | 12,738       |
| Contributions of goods and services  | 9,028        | -                         | -                         | 9,028        |
| Mitigation and contracts   | 19,747       | -                         | -                         | 19,747       |
| Government grants  | 101,232      | -                         | -                         | 101,232      |
| Land and easements contributed for conservation  | 103,839      | -                         | -                         | 103,839      |
| Contributions of trade lands   | 6,044        | -                         | -                         | 6,044        |
| Investment income  | 218,978      | -                         | -                         | 218,978      |
| Change in value of planned giving investments  | -            | 9,481                     | -                         | 9,481        |
| Royalties, fees, and other   | 25,612       | -                         | -                         | 25,612       |
| Total support and revenues before sales of<br>conservation land and easements and<br>net assets released from restrictions | 701,544      | 205,204                   | 2,870                     | 909,618      |
| Sales of conservation land and easements to<br>governments and others  | 176,051      | -                         | -                         | 176,051      |
| Net assets released from restrictions  | 138,596      | (138,596)                 | -                         | -            |
| Total support and revenues   | 1,016,191    | 66,608                    | 2,870                     | 1,085,669    |
| <b>Expenses</b>  |              |                           |                           |              |
| Program expenses   |              |                           |                           |              |
| Conservation activities and actions  | 298,474      | -                         | -                         | 298,474      |
| Book value of conservation land and easements sold or<br>donated to governments and others                                 | 233,562      | -                         | -                         | 233,562      |
| Total program expenses   | 532,036      | -                         | -                         | 532,036      |
| Support services expenses  |              |                           |                           |              |
| General and administration   | 86,311       | -                         | -                         | 86,311       |
| Fund-raising   |              |                           |                           |              |
| General fund-raising   | 46,664       | -                         | -                         | 46,664       |
| Membership development   | 16,276       | -                         | -                         | 16,276       |
| Total support services expenses  | 149,251      | -                         | -                         | 149,251      |
| Total expenses   | 681,287      | -                         | -                         | 681,287      |
| Increase in net assets   | 334,904      | 66,608                    | 2,870                     | 404,382      |
| Net assets at beginning of year  | 3,217,576    | 395,582                   | 239,035                   | 3,852,193    |
| Net assets at end of year  | \$ 3,552,480 | \$ 462,190                | \$ 241,905                | \$ 4,256,575 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Consolidated Statements of Cash Flows**  
**For the years ended June 30, 2007 and 2006**

| <i>(Amounts in thousands)</i>   | <b>2007</b>      | <b>2006</b>   |
|---|------------------|---------------|
| <b>Cash flows from operating activities</b>   |                  |               |
| Increase in net assets  | \$ 470,793       | \$ 404,382    |
| Adjustments to reconcile the increase in net assets to net cash provided by operating activities: |                  |               |
| Contributions restricted for:   |                  |               |
| Investment in endowment   | (7,232)          | (2,570)       |
| Investment in land preservation fund and other capital projects                                   | (4,275)          | (300)         |
| Contributions of trade lands  | (15,162)         | (6,044)       |
| Land and easements contributed for conservation   | (99,333)         | (103,839)     |
| Gain on trade land sales/valuations   | (2,186)          | (2,662)       |
| Loss on sales of conservation land and easements  | 41,947           | 56,804        |
| Depreciation and amortization   | 4,775            | 4,797         |
| Net realized and unrealized investment gains  | (325,274)        | (187,179)     |
| Change in value of planned giving investments   | (10,262)         | (9,481)       |
| Changes in assets and liabilities:  |                  |               |
| Government grant receivables  | (6,839)          | (29)          |
| Deposits and other current assets   | (4,043)          | (6,730)       |
| Pledges receivable  | 60,544           | (26,371)      |
| Accounts payable  | 368              | 2,049         |
| Accrued salaries and vacation liability   | 2,005            | 6,664         |
| Other accrued liabilities   | 14,912           | 9,893         |
| Deferred revenue  | 15,872           | 1,963         |
| Planned giving liability  | 18,756           | 9,151         |
| Additional cash provided by (used in) land activities:  |                  |               |
| Proceeds from sales of conservation land and easements  | 262,944          | 176,051       |
| Purchases of conservation land and easements  | (566,472)        | (243,994)     |
| Proceeds from sales of trade lands  | 14,415           | 10,719        |
| Net cash provided by (used in) operating activities   | <u>(133,747)</u> | <u>93,274</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Consolidated Statements of Cash Flows**  
**For the years ended June 30, 2007 and 2006**

| <i>(Amounts in thousands)</i>   | <b>2007</b>      | <b>2006</b>      |
|---|------------------|------------------|
| <b>Cash flows from investing activities</b>                               |                  |                  |
| Increase in restricted cash   | \$ (5,765)       | \$ (8,778)       |
| Proceeds from sale of investments   | 1,369,078        | 932,389          |
| Purchases of investments  | (1,266,250)      | (991,151)        |
| Issuance of notes receivable  | (2,610)          | (5,472)          |
| Proceeds received from notes receivable                                   | 6,777            | 7,433            |
| Increase in planned giving investments                                    | (30,610)         | (22,808)         |
| Purchases of property and equipment                                       | (9,096)          | (9,518)          |
| Net cash provided by (used in) investing activities                       | <u>61,524</u>    | <u>(97,905)</u>  |
| <b>Cash flows from financing activities</b>                               |                  |                  |
| Proceeds from contributions restricted for:                               |                  |                  |
| Investment in endowment   | 7,232            | 2,570            |
| Investment in land preservation fund and other capital projects           | 4,275            | 300              |
| Principal payments on debt, including lines of credit and notes payable   | (21,638)         | (34,631)         |
| Proceeds received from notes payable and advances against lines of credit | 85,950           | 14,297           |
| Net cash provided by (used in) financing activities                       | <u>75,819</u>    | <u>(17,464)</u>  |
| Net change in cash and cash equivalents                                   | 3,596            | (22,095)         |
| Cash and cash equivalents, beginning of year                              | 16,085           | 38,180           |
| Cash and cash equivalents, end of year                                    | <u>\$ 19,681</u> | <u>\$ 16,085</u> |
| <b>Supplemental data</b>  |                  |                  |
| Interest paid   | \$ 16,952        | \$ 14,136        |
| Seller debt-financed land acquisitions                                    | 3,639            | 2,351            |
| Income taxes paid   | 391              | 382              |

*The accompanying notes are an integral part of these consolidated financial statements.*

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**1. Organization**

The Nature Conservancy (The Conservancy) is a global conservation organization. The mission of The Conservancy is to preserve plants, animals, and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy conducts its activities throughout the United States, and in Canada, Latin America, the Caribbean, Africa, Asia, and the Pacific.

The Conservancy's primary sources of revenue are contributions from the public (including gifts of land), investment income, government grants, and sales of conservation interests to government agencies or other conservation buyers. These resources are used to conserve portfolios of functional conservation areas within and across ecoregions. Through this portfolio approach, The Conservancy works with partners to conserve a full array of ecological systems and viable native species.

**2. Summary of significant accounting policies**

**Principles of consolidation**

The consolidated financial statements include the accounts of all The Conservancy's chapters and affiliates, both domestic and international, including those which are separately incorporated, receive gifts, and perform conservation activities in the name of The Conservancy. All significant intercompany transactions have been eliminated.

**Basis of financial statement presentation**

The consolidated financial statements are presented on the accrual basis of accounting.

**Classification of net assets**

The Conservancy's net assets have been grouped into the following three classes:

- **Permanently restricted net assets** – Contributions and other inflows of assets whose use by The Conservancy is limited by donor-imposed stipulations that the principal must be maintained permanently by The Conservancy.
- **Temporarily restricted net assets** – Contributions and other inflows of assets whose use by The Conservancy is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Conservancy, such as usage for specific programs.
- **Unrestricted net assets** – Revenues derived from dues, unrestricted contributions, government grants and contracts, investment income, and other inflows of assets whose use by The Conservancy is not limited by donor-imposed restrictions. Certain unrestricted net assets have been designated by the Board of Directors to be maintained as land, easements, land preservation funds (for the purchase of conservation land), other conservation project funds, and endowment funds.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**Cash and restricted cash**

Highly liquid investments purchased with an original maturity of three months or fewer are considered to be cash equivalents. Restricted cash represents monies held in trust related to requirements of specific conservation project agreements.

**Concentration of credit risk**

The Conservancy's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents balances. The Conservancy invests its excess cash and cash equivalents in a repurchase agreement account with a high quality financial institution. The repurchase agreements are collateralized by U.S. Government securities, and bear minimal risk.

**Investments**

Investments are carried at estimated fair market value on the consolidated statements of financial position. Fair values of investments are estimated based on quoted market prices where available. Fair values for certain private equity and real estate investments held through limited partnerships or commingled fund shares or planned giving investments held in trust by third party trustees are estimated by the respective external investment managers if market values are not readily ascertainable. These valuations necessarily involve assumptions and estimation methods that are reviewed by The Conservancy, and actual valuations could differ from those estimates. Investments may include some short term investments which consist primarily of money market funds and other short term investments temporarily held by investment managers or held for a specific purpose. The Conservancy's investments consist of the following:

- **Investments** – Short- and medium-term investments of working capital.
- **Investments held for conservation projects** – Funds for the acquisition of conservation land, easements, and for funding other conservation projects.
- **Planned giving investments** – Planned giving investments are donations that are held in trust by The Conservancy or third party trustees, representing beneficial interests in trusts. Planned giving investments are recorded at current fair value or at an estimated fair value based on the latest available information. Income earned on the invested funds is payable to the donor or the donor's designee for a specified period of time or until the donor's death, after which time The Conservancy may use the investments for operations or a restricted use specified by the donor. The Conservancy utilizes an IRS-approved annuity table to actuarially calculate the liability associated with the estimated lead payments where The Conservancy is the trustee. The Conservancy determines the discount rate to be used in the month the planned giving arrangements are entered into with the donor and these rates have ranged from 3.6 to 9.5 percent. The present value of the actuarially determined liability resulting from these gifts is recorded at the date of gift. The remaining portion of the gift is recorded as temporarily restricted revenue.
- **Endowment investments** – Funds held as long-term capital to generate income for The Conservancy's operations.



**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**Land and Land Interests**

The Conservancy records land and land interests at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by independent appraisal. These assets fall into three primary categories:

- **Conservation lands** – real property with significant ecological value. These properties are either managed in an effort to protect the natural biological diversity of the property, or transferred to other organizations who will manage the lands in a similar fashion.
- **Trade lands** – real property with minimal ecological value. These properties are sold to provide funds for The Conservancy to carry out its conservation work.
- **Conservation easements** – intangible assets comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to The Conservancy, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal regulations. These intangible assets may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor.

With the exception of trade lands, which are carried at the lower of cost or fair market value, land and land interests are reported at the original book value. Upon sale or gift, the book value of the land or land interest is removed as an asset from the consolidated statement of financial position and reported as a program expense. The related proceeds, if any, are reported as revenue in the consolidated statement of activities. The majority of land sales and gifts relate to transfers of real property. Conservation easements, by their very nature, do not generate material amounts of cash inflow annually.

**Property and equipment**

Property and equipment are carried at cost. The Conservancy's minimum capitalization threshold is \$50,000. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss on retirement or disposal of the individual assets is recorded as revenue or expense.

Depreciation is provided using the straight-line method for all depreciable assets over their estimated future lives as follows:

|                                |              |
|--------------------------------|--------------|
| Building and improvements      | 5 – 30 years |
| Computer equipment             | 3 – 5 years  |
| Furniture, fixtures, and other | 4 – 10 years |

**Contributions**

Unconditional donor promises to give cash and other assets are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by The Conservancy. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that sufficiently limit the use of the donated assets.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the consolidated statements of activities as net assets released from restrictions.

**Grants and contracts**

The Conservancy receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs or land purchases. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in government grants receivable and any excess of cash receipts over reimbursable expenditures is included in deferred revenue. For private mitigation and other contracts, any excess of cash receipts over reimbursable expenditures is included in deferred revenue.

The Conservancy's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the consolidated financial position or consolidated changes in net assets of The Conservancy.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Notes receivable**

Notes receivable relate primarily to sales of land by The Conservancy. Notes receivable are recorded annually at their net realizable value. Maturities range from 1 to 22 years with varying interest rates from 0 to 10.0 percent. Default interest rates may be higher.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**4. Pledges receivable**

As of June 30, 2007 and 2006, unconditional promises to give were as follows:

| <i>(In thousands)</i>               | 2007             | 2006              |
|-------------------------------------|------------------|-------------------|
| Amounts due in                      |                  |                   |
| Less than one year                  | \$ 37,365        | \$ 94,490         |
| One to five years                   | 50,441           | 53,614            |
| More than five years                | <u>2,241</u>     | <u>4,062</u>      |
| Subtotal                            | 90,047           | 152,166           |
| Less:                               |                  |                   |
| Discount to present value           | 4,587            | 5,662             |
| Allowance for uncollectible pledges | <u>2,000</u>     | <u>2,500</u>      |
|                                     | <u>\$ 83,460</u> | <u>\$ 144,004</u> |

Pledges receivable greater than one year in time are discounted at a risk-free rate of return. Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions. An allowance is made for uncollectible pledges based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

As of June 30, 2007 and 2006, The Conservancy had received promises to give totaling approximately \$40,300,000 and \$38,777,000, respectively, that are conditioned upon The Conservancy raising matching gifts or acquiring certain conservation lands. Conditional promises to give are recognized as contributions when the donor-imposed conditions are substantially met.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

**5. Investments**

Investments consisted of the following at June 30, 2007 and 2006:

|                            | 2007                |  |                            |                       |                     |
|----------------------------|---------------------|--|----------------------------|-----------------------|---------------------|
|                            | Current investments | Investments held for conservation projects | Planned giving investments | Endowment investments | Total               |
| Short term investments     | \$ 72,787           | \$ 65,293                                  | \$ 6,996                   | \$ 22,345             | \$ 167,421          |
| Fixed income - bonds       | -                   | 62,607                                     | 85,177                     | 86,076                | 233,860             |
| Equities                   | 696                 | 316,886                                    | 167,024                    | 680,809               | 1,165,415           |
| Real estate trusts         | -                   | -  | 4,864                      | -                     | 4,864               |
| Hedge funds                | -                   | 170,599                                    | -                          | 334,037               | 504,636             |
| Private equity investments | 2,167               | 18,306                                     | -                          | 35,015                | 55,488              |
| Receivables from trusts    | -                   | -  | 34,467                     | -                     | 34,467              |
| Interfund loans            | -                   | (2,947)                                    | -                          | 2,947                 | -                   |
| Total investments          | <u>\$ 75,650</u>    | <u>\$ 630,744</u>                          | <u>\$ 298,528</u>          | <u>\$ 1,161,229</u>   | <u>\$ 2,166,151</u> |

|                            | 2006                |  |                            |                       |                     |
|----------------------------|---------------------|--|----------------------------|-----------------------|---------------------|
|                            | Current investments | Investments held for conservation projects | Planned giving investments | Endowment investments | Total               |
| Short term investments     | \$ 230,132          | \$ 52,543                                  | \$ 4,059                   | \$ 2,086              | \$ 288,820          |
| Fixed income - bonds       | -                   | 100,001                                    | 76,952                     | 75,281                | 252,234             |
| Equities                   | 395                 | 241,456                                    | 140,303                    | 594,702               | 976,856             |
| Real estate trusts         | -                   | -  | 1,714                      | -                     | 1,714               |
| Hedge funds                | -                   | 82,933                                     | -                          | 235,473               | 318,406             |
| Private equity investments | 1,301               | 15,485                                     | -                          | 13,389                | 30,175              |
| Receivables from trusts    | -                   | -  | 34,628                     | -                     | 34,628              |
| Interfund loans            | -                   | (1,113)                                    | -                          | 1,113                 | -                   |
| Total investments          | <u>\$ 231,828</u>   | <u>\$ 491,305</u>                          | <u>\$ 257,656</u>          | <u>\$ 922,044</u>     | <u>\$ 1,902,833</u> |

See Note 2 for a description of the classification of The Conservancy's investments.

Planned Giving Investments include gift annuities with a fair market value of \$125,203,000 and \$105,198,000 as of June 30, 2007 and 2006, respectively. The corresponding liability for these annuities was \$67,644,000 and \$63,587,000 as of June 30, 2007 and 2006, respectively, with an increase in net assets for gift annuities in the amount of \$15,948,000 and \$6,526,000 for the years ended June 30, 2007 and 2006, respectively.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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Planned Giving Investments include recognition of contribution revenue which is classified as temporarily restricted contributions to endowments and similar funds. The amount of planned giving contribution revenue recognized was \$9,405,000 and \$9,688,000 for the years ended June 30, 2007 and 2006, respectively.

Certain investment managers of The Conservancy utilize derivative instruments for hedging purposes in their portfolios. These investments are intended to hedge currency exposures and interest rate risks.

The Conservancy has remaining commitments to private equity and hedge fund investments of \$142,873,000 at June 30, 2007.

Investment income consisted of the following for the years ended June 30, 2007 and 2006:

|   | 2007              | 2006              |
|---|-------------------|-------------------|
| <i>(In thousands)</i>   |                   |                   |
| Dividends and interest income                                     | \$ 33,054         | \$ 40,487         |
| Realized gains (net of expenses of 7,502 and 8,688, respectively) | 68,491            | 122,579           |
| Unrealized gains  | 249,281           | 55,912            |
| Investment income   | <u>\$ 350,826</u> | <u>\$ 218,978</u> |

**6. Restricted net assets**

Temporarily restricted net assets are available for the following purposes:

|  | 2007              | 2006              |
|--|-------------------|-------------------|
| <i>(In thousands)</i>                            |                   |                   |
| Land acquisition and other conservation projects | \$ 208,312        | \$ 183,760        |
| Time restricted for periods after June 30        | 237,552           | 278,430           |
| Total  | <u>\$ 445,864</u> | <u>\$ 462,190</u> |

Permanently restricted net assets are restricted in perpetuity; the income derived from these investments is expendable to support the operations of The Conservancy. For the years ended June 30, 2007 and 2006, such income totaled \$47,409,000 and \$31,915,000, respectively.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**7. Property and equipment**

Property and equipment consisted of the following at June 30, 2007 and 2006:

|  | 2007             | 2006             |
|--|------------------|------------------|
| <i>(In thousands)</i>                            |                  |                  |
| Land   | \$ 5,074         | \$ 4,984         |
| Buildings and improvements                       | 93,504           | 92,931           |
| Construction in progress                         | 12,150           | 6,016            |
| Computer equipment and software                  | 2,317            | 2,015            |
| Furniture, fixtures, and other                   | 7,579            | 6,512            |
|  | <u>120,624</u>   | <u>112,458</u>   |
| Less - Accumulated depreciation and amortization | <u>(27,996)</u>  | <u>(24,107)</u>  |
| Total  | <u>\$ 92,628</u> | <u>\$ 88,351</u> |

Depreciation expense was \$4,775,000 and \$4,797,000 during the years ended June 30, 2007 and 2006, respectively. Of the total assets listed above, \$4,005,000 and \$2,170,000 were fully depreciated at June 30, 2007 and 2006, respectively.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

**8. Notes payable and lines of credit**

Notes payable and lines of credit consisted of the following at June 30, 2007 and 2006:

| <i>(In thousands)</i>  | 2007       | 2006       |
|--|------------|------------|
| Unsecured borrowings due at various dates through 2012. Interest is payable at various rates based on LIBOR plus 0.50%, depending on repayment terms, 5.82% and 5.85% at June 30, 2007 and 2006, respectively.   | \$ 688     | \$ 837     |
| Unsecured Colorado Educational and Cultural Facilities Authority Tax Exempt Revenue Bonds, Series 2002A issued in the original principal amount of \$25,053,000 to refund the Industrial Development Authority of Arlington County (IDA) Tax Exempt Revenue Bonds Series 1997A and portions of the IDA Revenue Bonds Taxable Series 1997B; fixed interest rate pursuant to rate swap, 3.56% as of June 30, 2007 and 2006, due July, 2027.  | 23,719     | 24,496     |
| Unsecured Colorado Educational and Cultural Facilities Authority Taxable Revenue Bonds, Series 2002B-1 through Series 2002B-2 issued in the original principal amount of \$100,000,000 to refund the Industrial Development Authority of Arlington County (IDA) Tax Exempt Revenue Bonds Series 1997A and portions of the IDA Revenue Bonds Taxable Series 1997B; pay bond issuance costs, and finance and refinance acquisition of conservation land and easements; fixed interest rate pursuant to rate swap, 4.37% as of June 30, 2007 and variable interest rates 5.15% for Series 2002B-1 and 5.09% for Series 2002B-2 as of June 30, 2006, due July, 2032. | 93,750     | 95,375     |
| Unsecured Colorado Educational and Cultural Facilities Authority Taxable Revenue Bonds, Series 2003A-1 through Series 2003A-4 issued in the original principal amount of \$200,000,000 to finance acquisition of conservation land and easements; fixed interest rate pursuant to rate swap, 2.96% for Series 2003A-2 through Series 2003A-4 as of June 30, 2007, and variable interest rates, 5.16% for Series 2003A-2, 5.20% for Series 2003A-3 and A-4 as of June 30, 2006, and 5.19% for Series 2003A-1 at June 30, 2006, due July, 2033.  | 134,100    | 167,700    |
| Unsecured Colorado Educational and Cultural Facilities Authority Tax Exempt Revenue Bonds, Series 2003A-1TE issued in the original principal amount of \$22,300,000, converted from the Unsecured Colorado Educational and Cultural Facilities Authority Taxable Revenue Bonds, Series 2003A-1; fixed interest rate pursuant to rate swap, 2.96% as of June 30, 2007 and variable interest rate 3.95% as of June 30, 2006, due July 2033.  | 22,300     | 22,300     |
| Unsecured Colorado Educational and Cultural Facilities Authority Tax Exempt Revenue Bonds, Series 2003A-1TE and A-2TE issued in the original principal amount of \$30,900,000, converted from the Unsecured Colorado Educational and Cultural Facilities Authority Taxable Revenue Bonds, Series 2003A-1 and A-2; fixed interest rate pursuant to rate swap, 2.96% as of June 30, 2007, due July, 2033.  | 30,000     |            |
| Loans and mortgages on land, some of which are collateralized by the land and by a \$240,000 certificate of deposit and payable in monthly installments, including interest ranging from 0% to 9%; final payments are due at various dates through 2022.   | 122,230    | 51,772     |
| Other notes payable without interest due on demand   | 375        | 370        |
|  | 427,162    | 362,850    |
| Less - current maturities  | (10,071)   | (21,986)   |
| Total notes payable - long term  | \$ 417,091 | \$ 340,864 |

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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The future maturities of notes payable and lines of credit are as follows:

| Year ended June 30 | (in thousands)    |
|--------------------|-------------------|
| 2008               | \$ 10,071         |
| 2009               | 27,322            |
| 2010               | 90,803            |
| 2011               | 9,215             |
| 2012               | 12,605            |
| Thereafter         | 277,146           |
|                    | <u>\$ 427,162</u> |

Interest expense incurred on notes payable and on lines of credit for 2007 and 2006 was \$17,300,000 and \$13,769,000, respectively.

The Conservancy has an unsecured line of credit providing total borrowings up to \$15,000,000. Interest is payable at various rates based on LIBOR plus 0.35%, depending on repayment terms. As of June 30, 2007 and 2006 the balance on the \$15,000,000 line of credit was \$0.

**9. Contributed goods and services**

The Conservancy periodically receives contributed professional services from third parties and recognizes revenue at the fair value of those services. During 2007 and 2006, these services totaled \$6,228,000 and \$6,772,000, respectively. In addition, The Conservancy received contributed goods that totaled \$8,985,000 and \$2,256,000 for the years ended June 30, 2007 and 2006, respectively. Contributed goods are recorded at fair value on the date of donation. Contributed goods with a fair value of \$50,000 or more are capitalized in accordance with The Conservancy's capitalization policy. Of the \$8,985,000 in contributed goods, \$280,000 was capitalized.

**10. Fair value of financial instruments**

The carrying amounts of cash, receivables, accrued liabilities, and payables on the consolidated statements of financial position approximate fair value due to the short-term nature of these items.

The carrying amounts of long-term debt and notes receivable on the consolidated statements of financial position approximate fair value, which is estimated based on current market rates offered to or by The Conservancy for similar instruments.

**11. Commitments and contingencies**

**Leases**

The Conservancy has entered into noncancelable operating leases for office space, which expire at various dates through 2016. Certain of these leases contain rent escalation clauses based on the consumer price index.



**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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The following is a schedule of future minimum lease payments for all operating leases:

| Year ended June 30           | (in thousands)   |
|------------------------------|------------------|
| 2008                         | \$ 3,506         |
| 2009                         | 2,724            |
| 2010                         | 2,342            |
| 2011                         | 2,045            |
| 2012                         | 1,521            |
| Thereafter                   | <u>3,364</u>     |
| Total minimum lease payments | <u>\$ 15,502</u> |

Rent expense was \$10,043,000 and \$8,910,000 for the years ended June 30, 2007 and 2006, respectively.

**Land acquisitions and other commitments**

The Conservancy has entered into contracts for the purchase of land and other purchase commitments that had not closed as of June 30, 2007, in the amount of \$144,913,000.

Since 1999, the Conservancy has had an agreement to provide financial and other support to another not-for-profit organization which provides biodiversity conservation data and information. The agreement expired on June 30, 2006. Effective July 1, 2006, the Conservancy entered into a new agreement with the same organization, which extended a \$9,000,000 endowment matching commitment from the original agreement until December 31, 2006; and which provides for up to \$1,200,000 of additional financial support over a three-year period provided certain conditions are met. The Conservancy has provided \$33,157,000 in direct financial support to the organization under the original and the new agreements combined.

The Conservancy is a party to an agreement whereby under certain circumstances, the Conservancy may be required to establish a special purpose entity and accept a loan from the other party to the agreement. The Conservancy would, in turn, secure the loan with a qualified existing asset, and guarantee repayment of the loan should the special purpose entity fail to perform under the terms of the loan. The Conservancy believes the likelihood of any significant loss related to this guarantee to be remote.

**12. Retirement plans**

The Conservancy's employees are eligible after one month of service to participate in The Nature Conservancy Savings and Retirement Plan (the Plan), in which employees can make voluntary, tax-deferred contributions within specified limits. The Plan was established under the provisions of Internal Revenue Code Section 401(k) and has received a favorable determination as to its tax status from the Internal Revenue Service. As of August 2005 certain employees are also eligible to participate in a non-qualified deferred compensation plan created pursuant to Internal Revenue Code Section 457(b). The Conservancy's contributions to the plans were \$9,610,000 and \$8,443,000 for the years ended June 30, 2007 and 2006, respectively.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**13. Program expense allocation**

Operating expenses are allocated to program and support categories based on separate cost center types as defined below. Conservation land and easements that are acquired by The Conservancy, but not sold or donated, are reflected as an increase in conservation land and easements on the consolidated statements of financial position and are excluded from the program expense categories on the consolidated statements of activities.

The Conservancy accounts for its program expenditures in the following categories:

- **Conservation Activities and Actions** – Expenditures related to the broad spectrum of activities and actions critical to advancing The Conservancy's ecoregion-based approach to conservation. Expenditures related to understanding, monitoring, maintaining, restoring, and managing natural areas owned by The Conservancy and others are included, as are expenditures for developing and enhancing The Conservancy's ability to gather and share ecological information and to assess and evaluate threats to the elements of natural diversity within ecoregions in which The Conservancy works. In addition, this area includes expenditures necessary for developing and implementing ecoregion-based plans and strategies to mitigate, prevent, or slow the effects of threats to the elements of biodiversity, including investments in the institutional development of domestic and international conservation organizations. Finally, this category includes expenditures relating to community outreach and education of key stakeholders and land users in areas where Conservancy conservation programs reside.
- **General and Administration** – Expenditures related to building and maintaining an efficient business infrastructure, including those related to corporate governance, to support and advance the programmatic conservation objectives of The Conservancy.
- **General Fund-Raising** – Expenditures related to fund-raising strategies that provide the revenue stream for both operations and capital needs to further the accomplishment of The Conservancy's mission and objectives.
- **Membership Development** – Expenditures related to the acquisition and retention of The Conservancy members, primarily through the use of a direct-mail program.

**14. Income taxes**

The Conservancy has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified The Conservancy as other than a private foundation.

The Conservancy pays a nominal amount of tax relating to several unrelated business income activities, primarily rental income from debt-financed property.

**The Nature Conservancy**  
**Notes to Consolidated Financial Statements**  
**June 30, 2007 and 2006**

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**15. Subsequent events**

On July 12, 2007, the Conservancy converted \$50,100,000 of unsecured Colorado Educational and Cultural Facilities Authority taxable revenue bonds to tax exempt revenue bonds. As a result of this conversion the related interest expense will decrease significantly over the next 25 years.

**The Nature Conservancy**  
**Schedules of Functional Expenses**  
**For the year ended June 30, 2007 with summarized totals for the year ended June 30, 2006**

(Amounts in thousands)

|  | Program expenses<br>Conservation activities and actions | Support services expenses  |                      |           |                        |                  | Totals              |                     |
|--|---|----------------------------|----------------------|-----------|------------------------|------------------|---------------------|---------------------|
|  |   | General and administration | Fund-raising         |           | Membership development | Support services | 2007 Total expenses | 2006 Total expenses |
|  |   |                            | General fund-raising |           |                        |                  |                     |                     |
| Personnel  | \$ 137,564  | \$ 55,674                  | \$ 37,188            | \$ 1,990  | \$ 94,852              | \$ 232,416       | \$ 220,736          |                     |
| Contract, professional fees  | 53,791  | 9,615                      | 2,922                | 778       | 13,315                 | 67,106           | 57,803              |                     |
| Grants and allocations   | 47,955  | 583                        | 20                   | -         | 603                    | 48,558           | 38,769              |                     |
| Supplies   | 9,667   | 3,200                      | 883                  | 1,615     | 5,698                  | 15,365           | 15,019              |                     |
| Telecommunications   | 3,009   | 2,274                      | 512                  | 11        | 2,797                  | 5,806            | 5,468               |                     |
| Postage and mailing service  | 1,683   | 477                        | 503                  | 5,975     | 6,955                  | 8,638            | 9,366               |                     |
| Occupancy  | 2,602   | 7,246                      | 195                  | -         | 7,441                  | 10,043           | 8,910               |                     |
| Equipment rental and maintenance   | 3,916   | 872                        | 187                  | 36        | 1,095                  | 5,011            | 4,874               |                     |
| Printing and publication   | 5,500   | 295                        | 924                  | 6,392     | 7,611                  | 13,111           | 10,431              |                     |
| Travel   | 14,316  | 3,594                      | 2,527                | 50        | 6,171                  | 20,487           | 18,407              |                     |
| Conferences and meetings   | 5,814   | 1,574                      | 852                  | 37        | 2,463                  | 8,277            | 6,704               |                     |
| Interest   | 17,302  | -                          | -                    | -         | -                      | 17,302           | 13,772              |                     |
| Depreciation and amortization  | 4,465   | 304                        | 6                    | -         | 310                    | 4,775            | 4,797               |                     |
| Equipment  | 3,282   | 305                        | 55                   | -         | 360                    | 3,642            | 2,766               |                     |
| Taxes and licenses   | 1,775   | 811                        | 99                   | 4         | 914                    | 2,689            | 1,006               |                     |
| Utilities, repairs, maintenance, and construction                                      | 9,925   | 1,829                      | 181                  | -         | 2,010                  | 11,935           | 4,648               |                     |
| Insurance  | 1,905   | 1,189                      | 35                   | -         | 1,224                  | 3,129            | 3,302               |                     |
| Real estate taxes  | 3,635   | 559                        | 17                   | -         | 576                    | 4,211            | 6,793               |                     |
| Closing costs  | 3,186   | 1,249                      | -                    | -         | 1,249                  | 4,435            | 2,684               |                     |
| Contributed goods and services non-cash expense  | 4,768   | 9,360                      | 805                  | -         | 10,165                 | 14,933           | 9,028               |                     |
| All other  | 2,233   | 697                        | 254                  | 15        | 966                    | 3,199            | 2,442               |                     |
| Subtotal   | 338,293   | 101,707                    | 48,165               | 16,903    | 166,775                | 505,068          | 447,725             |                     |
| Book value of conservation land and easements sold or donated to government and others | 301,580   | -                          | -                    | -         | -                      | 301,580          | 233,562             |                     |
| Total  | \$ 639,873  | \$ 101,707                 | \$ 48,165            | \$ 16,903 | \$ 166,775             | \$ 806,648       | \$ 681,287          |                     |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <b>FEDERAL AGENCY</b>                                       | <b>CFDA</b>   | <b>PASS THROUGH AGENCY</b>                                      | <b>AGREEMENT ID NUMBER</b> | <b>FEDERAL EXPENDITURES</b> |
|---|---------------|---|----------------------------|-----------------------------|
| <b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>       | <b>94.006</b> | <b>OR, HOUSING AND COMMUNITY SERVICES DEPARTMENT</b>            | <b>OHCS #717</b>           | <b>\$ 74,707</b>            |
| <b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE Total</b> |               |   |                            | <b>74,707</b>               |
| <b>ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>                |               |   |                            |                             |
|   | 66.034        | BLANK   | XA-83196401-0              | 29,716                      |
|   | 66.436        | BLANK   | X5-96018801-0              | 22,908                      |
|   |               |   | X7-83135201                | 21,912                      |
|   |               | MA, NEW ENGLAND INTERSTATE WATER POLLUTION CONTROL COMMISSION   | L-2006-009                 | 9,438                       |
|   | 66.437        | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                       | 2006-0102-015              | 16,469                      |
|   | 66.439        | BLANK   | W5-96031501-0              | 169,618                     |
|   | 66.456        | BLANK   | CE-98237301                | (33)                        |
|   | 66.460        | BLANK   | C70591032                  | 1,943                       |
|   |               | AR, NATURAL RESOURCES COMMISSION                                | SGA 159                    | 51,297                      |
|   |               | IN, DEPARTMENT OF ENVIRONMENTAL MANAGEMENT                      | A305-2-02-504              | (495)                       |
|   |               |   | A305-6-173                 | 27,448                      |
|   |               |   | A305-6-75                  | 41,729                      |
|   |               | KY, DEPARTMENT OF CONSERVATION                                  | M-00030567                 | 96,179                      |
|   |               | KY, DIVISION OF WATER   | M-04188542                 | (8,212)                     |
|   |               | LA, DEPARTMENT OF ENVIRONMENTAL QUALITY                         | PON2 590 06000006811       | 143,594                     |
|   |               | MS, DEPARTMENT OF ENVIRONMENTAL QUALITY                         | 583086                     | 1,584                       |
|   |               |   | 06-00064                   | 7,501                       |
|   |               | NH, DEPARTMENT OF ENVIRONMENTAL SERVICES                        | C999496-02-00500547        | 22,884                      |
|   |               | NV, DIVISION OF ENVIRONMENTAL PROTECTION                        | B-05-CT-02                 | 9,678                       |
|   |               | TN, DEPARTMENT OF AGRICULTURE                                   | DEP 05-028                 | (18)                        |
|   |               |   | GR-07-18397-00             | 42,312                      |
|   | 66.461        | BLANK   | CD82981101                 | 210                         |
|   |               | AK, WAINWRIGHT TRIBE  | AKFO22805072406            | 27,071                      |
|   |               | VT, DEPARTMENT OF FISH & WILDLIFE                               | 06120FY-0560               | 9,238                       |
|   | 66.469        | BLANK   | GL-97509601-0              | (1,423)                     |
|   |               | DC, THE NORTHEAST-MIDWEST INSTITUTE                             | 40202-TNC                  | 10,260                      |
|   |               | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                       | 2004-0005-009              | 53,272                      |
|   |               |   | 2004-0005-010              | (1,088)                     |
|   |               |   | 2004-0005-117              | 11,177                      |
|   |               |   | 2004-0005-208              | 134,788                     |
|   |               |   | 2005-0321-007              | 27,727                      |
|   | 66.475        | BLANK   | MX-98400804-0              | (478)                       |
|   |               |   | MX96451406-0               | 2,632                       |
|   |               |   | MX-97494603-2              | 42,823                      |
|   |               | LA, DEPARTMENT OF ENVIRONMENTAL QUALITY                         | 07-00775                   | 15,159                      |
|   | 66.510        | BLANK   | X3-83236601                | 29,533                      |
|   | 66.605        | AK, ALASKA CLEAN WATER ACTION                                   | ACWA 07-10                 | 15,034                      |
|   | 66.606        | BLANK   | X-97408800-1               | 12,447                      |
|   |               | VT, DEPARTMENT OF ENVIRONMENTAL CONSERVATION                    | WQ06-WC-04                 | 4,912                       |
|   |               |   | WQ07-WC-03                 | 7,307                       |
|   | 66 UNK        | BLANK   | MX-97433301-0              | (84)                        |
|   |               |   | MX-97485903-0              | (357)                       |
|   |               |   | 5486-03-02                 | (118)                       |
|   |               | AR, WINROCK INTERNATIONAL                                       | 6-902                      | 2,200                       |
|   |               | AZ, DEPARTMENT OF ENVIRONMENTAL QUALITY                         |                            |                             |
|   |               | MI, CENTRAL LAKE SUPERIOR WATERSHED PARTNERSHIP                 | CLSWP 319 RIVER STUDY      | 2,015                       |
|   |               | MS, DEPARTMENT OF ENVIRONMENTAL QUALITY                         | S-3058403FP-0001TNC        | 336                         |
|   |               | NH, OFFICE OF ENERGY AND PLANNING                               | CEB51873                   | (532)                       |
|   |               | NH, UNIVERSITY OF NEW HAMPSHIRE                                 | 05-962                     | 1,412                       |
|   |               |   | 06-074                     | 22,348                      |
|   |               | NY, COUNTY OF SUFFOLK   | 001-4405-45600000024       | 37,982                      |
|   |               |   | 1-4405-4560-00-00022       | (376)                       |
|   |               | OK, CONSERVATION COMMISSION                                     | EPA/OKCC AQUATIC PORTFOLIO | 48,855                      |
|   |               | TN, CLINCH POWELL RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL | CLINCH POWELL RC&D BMP IN  | 14,263                      |
| <b>ENVIRONMENTAL PROTECTION AGENCY Total</b>                |               |   |                            | <b>1,211,313</b>            |
| <b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)</b> |               |   |                            |                             |
| <b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Total</b>  | 43 UNK        | OR, CONSERVATION BIOLOGY INSTITUTE                              | NNG04GP10G                 | 18,692                      |
|   |               |   |                            | 18,692                      |
| <b>NATIONAL SCIENCE FOUNDATION (NSF)</b>                    | 47.074        | AZ, ARIZONA STATE UNIVERSITY                                    | DEB-0218560                | 12,719                      |
| <b>NATIONAL SCIENCE FOUNDATION Total</b>                    |               | NY, NEW YORK BOTANICAL GARDENS                                  | NSF/NYBG OZARK LICHEN HLD  | 9,837                       |
|   |               |   |                            | 22,556                      |
| <b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)</b>    | 98.001        | BLANK   | 512-G-00-06-00028-00       | 20,810                      |
|   | 98 UNK        | BLANK   | 523-A-00-03-00048-00       | 509,757                     |
|   |               |   | 3018                       | 31,170                      |

*The accompanying notes are an integral part of this schedule.*

**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>  | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                           | <u>AGREEMENT ID NUMBER</u>     | <u>FEDERAL EXPENDITURES</u> |
|--|-------------|--|--------------------------------|-----------------------------|
| USAID continued  | 98.UNK      | BLANK  | 486-A-00-05-00016-00           | \$ 155,691                  |
|  |             |  | 497-A-00-02-00044-00           | 1,018,015                   |
|  |             |  | 497-A-00-05-00019-00           | 462,691                     |
|  |             |  | 511-A-00-03-00200-0            | (149)                       |
|  |             |  | 511-A-00-03-00200-00           | 2,292,709                   |
|  |             |  | 596-A-00-01-00116-00           | 1,206,766                   |
|  |             |  | EDG-A-00-01-00023-00           | 6,969,189                   |
|  |             |  | EPP-A-00-03-00011-00           | 103,039                     |
|  |             |  | LAC-A-00-98-00045-00           | 951,008                     |
|  |             |  | RLA-A-00-06-00070-00           | 471,629                     |
|  |             | BR, INSTITUTE OF AMBIENT RESEARCH OF THE<br>AMAZONIA | 512-A-00-03-00028-00           | 289,177                     |
|  |             | DC, WORLD WILDLIFE FUND, INC.                        | FQ49                           | 71,155                      |
| <b>U.S. AGENCY FOR INTERNATIONAL<br/>DEVELOPMENT Total</b>     |             |  |                                | <b>14,654,789</b>           |
| <b>U.S. DEPARTMENT OF AGRICULTURE<br/>(USDA)</b>               | 10.678      | IN, DEPARTMENT OF NATURAL RESOURCES                  | DNR FOREST BANK                | (144)                       |
|  | 10.UNK      | BLANK  | 74-33-A7-4-4                   | 650,000                     |
|  |             |  | AG-6395-P-07-0433              | 1,208                       |
|  |             |  | AG-6395-P-07-0509              | 1,578                       |
|  |             | HI, MOLOKAI COMMUNITY SERVICE COUNCIL                | EC KAWELA                      | 1,060                       |
| <b>USDA, FARM SERVICE AGENCY<br/>(FSA)</b>                     | 10.UNK      | VT, PM NATURAL RESOURCES CONSERVATION<br>DISTRICT    | FSA PMNRCD NURSERY             |                             |
| <b>USDA, NATURAL RESOURCES<br/>CONSERVATION SERVICE (NRCS)</b> | 10.902      | BLANK  | 88-7335-6-55                   | 583                         |
|  |             |  | 69-1320-2-1                    | 19,042                      |
|  |             |  | 2006-0128-000                  | 115,212                     |
|  | 10.902      | DC, NATIONAL FISH AND WILDLIFE FOUNDATION            | NRCS/DNR CCP/ ST. JOE          | 35,042                      |
|  |             | OH, DEPARTMENT OF NATURAL RESOURCES                  | 65-4209-5-0003A,65-4209-5-0001 | 32,461                      |
|  | 10.913      | BLANK  | 68-8E-49-5-44                  | 2,838,813                   |
|  |             |  | 73-1106-409                    | 2,388                       |
|  |             |  | 73-6215-6-1                    | 192,313                     |
|  |             |  | 651218614                      | 223,765                     |
|  | 10.UNK      | BLANK  | 68-0436-6-136                  | 50,310                      |
|  |             |  | NRCS CRP CANDICE NY PROP       | 1,814,252                   |
|  |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION            | 2006-0051-000                  | 1,800                       |
| <b>USDA, U.S. FOREST SERVICE (USFS)</b>                        | 10.000      | DC, NATIONAL FISH AND WILDLIFE FOUNDATION            | 2002-0227-002                  | 79,229                      |
|  | 10.844      | AZ, STATE LAND DEPARTMENT                            | SFA 8-10                       | 1,078                       |
|  | 10.852      | BLANK  | 05-CS-11231300-058             | (5,300)                     |
|  |             |  | 06-DG-11330138-169             | 67,650                      |
|  |             |  | SFS08CA-11330138-218           | 11,227                      |
|  | 10.854      | BLANK  | 02-CA-11132762-077             | 14,909                      |
|  |             |  | 02-DG-11244225-088             | 127,302                     |
|  |             |  | 03-DG-11244225-372             | 44,355                      |
|  |             |  | 04-DG-11244225-231             | 6,445                       |
|  |             |  | 04-DG-11244225-239             | 89,977                      |
|  |             |  | 04-DG-11244225-304             | 45,474                      |
|  |             |  | 05-DG-11132762-216             | 10,786                      |
|  |             |  | 05-DG-11244225-256             | 211,246                     |
|  |             |  | 05-DG-11244225-298             | 22,981                      |
|  |             |  | 05-PA-11086002-001             | (31,163)                    |
|  |             |  | 06-DG-11132762-109             | 2,153                       |
|  |             |  | 06-DG-11244225-184             | 57,891                      |
|  |             |  | 06-DG-11244225-192             | 142,344                     |
|  |             | IL, ILLINOIS CONSERVATION FOUNDATION                 | F50215                         | 36,088                      |
|  |             |  | F50501                         | 16,261                      |
|  |             | MI, NORTHERN INITIATIVES                             | S0536                          | 7,237                       |
|  |             |  | S0541                          | 21,902                      |
|  |             | VT, DEPARTMENT OF FORESTS, PARKS &<br>RECREATION     | F-TNC-05-015                   | (13,634)                    |
|  | 10.672      | BLANK  | 06-DG-11132564-222             | 18,553                      |
|  | 10.675      | AR, FORESTRY COMMISSION                              | USFS FNHA GIS URB FOREST       | 25,322                      |
|  |             |  | USFS/AFC UCFAP GIS BWD         | 6,628                       |
|  | 10.676      | LA, DEPARTMENT OF AGRICULTURE &<br>FORESTRY          | 630091                         | 7,135                       |
|  |             |  | 651427                         | 14,200                      |
|  |             |  | 04-PA-11091500-001             | 2,438                       |
|  | 10.679      | BLANK  | 2006-0140-000                  | 28,642                      |
|  |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION            | 05-DG-11062764-027             | 36,030                      |
|  | 10.680      | BLANK  | 06-DG-11244225-007             | 4,423                       |
|  |             |  | 06-DG-11244225-164             | 10,782                      |
|  |             |  | 2006-DG-11062754-750           | 8,115                       |
|  |             |  | 5-6-15-25                      | 17,591                      |
|  | 10.999      | DC, NATIONAL FOREST FOUNDATION                       | 01-CS-11061201-024             | 22,237                      |
|  | 10.UNK      | BLANK  | 01-CS-11080101-011             | (193)                       |
|  |             |  | 01-CS-11080104-010             | (10,802)                    |
|  |             |  | 02-CA-11132543-037             | 1,294                       |
|  |             |  | 02-CS-110517-60-017            | (530)                       |
|  |             |  | 02-PA-11080103-025             | 10,700                      |
|  |             |  |                                | 4,699                       |

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**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>             | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|-----------------------------------|-------------|---|----------------------------|-----------------------------|
| USFS continued                    | 10 UNK      | BLANK                                     | 03-CA-11120101-029         | (170)                       |
|                                   |             |   | 03-CS-11011200-007         | (268)                       |
|                                   |             |   | 03-CS-11051780-036         | 9,152                       |
|                                   |             |   | 03-CS-11080100-055         | 52,439                      |
|                                   |             |   | 03-CS-11080901-080         | (800)                       |
|                                   |             |   | 03-CS-11080901-110         | 274                         |
|                                   |             |   | 03-CS-11081003-070         | 3,638                       |
|                                   |             |   | 03-CS-11083603-004         | (881)                       |
|                                   |             |   | 03-CS-11031000-036         | 7,873                       |
|                                   |             |   | 04-CA-11132543-037         | 789,648                     |
|                                   |             |   | 04-CA-11132543-189         | 1,160,451                   |
|                                   |             |   | 04-CS-11011400-040         | 35                          |
|                                   |             |   | 04-CS-11011400-041         | 74                          |
|                                   |             |   | 04-CS-11015800-036         | 83                          |
|                                   |             |   | 04-CS-11031800-060         | 48,059                      |
|                                   |             |   | 04-CS-11041730-017         | 1,322                       |
|                                   |             |   | 04-CS-11090100-013         | 7,473                       |
|                                   |             |   | 04-CS-1109-2200-021        | (381)                       |
|                                   |             |   | 05-CS-11015800-033         | 501                         |
|                                   |             |   | 05-CS-11015800-034         | 207                         |
|                                   |             |   | 05-CS-11015800-036         | 9,650                       |
|                                   |             |   | 05-CS-11041000-047         | 2,149                       |
|                                   |             |   | 05-CS-11052007-105         | 39,708                      |
|                                   |             |   | 05-CS-11090501-010         | 18                          |
|                                   |             |   | 05-CS-11092100-016         | 1,949                       |
|                                   |             |   | 05-PA-11080500-005         | 29,877                      |
|                                   |             |   | 05-PA-11081001-030         | 18,916                      |
|                                   |             |   | 06-CS-11011800-020         | 10,008                      |
|                                   |             |   | 06-CS-11060500-779         | 28,808                      |
|                                   |             |   | 06-CS-11061208-022         | 2,843                       |
|                                   |             |   | 06-CS-11080500-002         | 14,133                      |
|                                   |             |   | 06-CS-11221611-178         | 39,824                      |
|                                   |             |   | 07-CA-11132543-049         | 230,047                     |
|                                   |             |   | 07-CS-11041709-028         | 8,535                       |
|                                   |             |   | 08-89 FWR PA 01 SUPP       | 7,666                       |
|                                   |             |   | 2003-CS-11060120-035       | 40,890                      |
|                                   |             |   | 2004-CS-11062000-054       | 74                          |
|                                   |             |   | AG-54B0-P-06-0172          | 1,187                       |
|                                   |             |   | PNW06-JV-11281976296       | 13,294                      |
|                                   |             |   | 6-02-13-25                 | 5,000                       |
|                                   |             | DC, NATIONAL FOREST FOUNDATION            | 6-6-10-25                  | 13,015                      |
|                                   |             |   | 300709DM001                | 1,808                       |
|                                   |             | IN, DEPARTMENT OF NATURAL RESOURCES       | 05-11063601-008            | (3,226)                     |
|                                   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION | WY2-039                    | 110                         |
|                                   |             | OR, CASCADE PACIFIC RC&D AREA INC.        | DESCHUTES CO TITLE III     | 8,750                       |
|                                   |             | OR, DESCHUTES COUNTY                      | FS ABC CSS 2004 PROJECT    | (311)                       |
|                                   |             | VA, AMERICAN BIRD CONSERVANCY             | 43074-01                   | 35,000                      |
|                                   |             | VA, NATURESERVE                           | TNCNSL001-TNC-03           | 13,892                      |
|                                   |             |   | USFS&NR HAZ MIT 06         | 10,000                      |
|                                   |             | 15 UNK                                    | 07-PA-11060203-010         | 823                         |
|                                   |             | BLANK                                     |                            |                             |
| U.S. DEPARTMENT OF AGRICULTURE    |             |   |                            |                             |
| Total                             |             |   |                            | <u>9,791,082</u>            |
| U.S. DEPARTMENT OF COMMERCE       |             |   |                            |                             |
| (DOC)                             | 11.419      | ME, STATE PLANNING OFFICE                 | G207007                    | 10,000                      |
|                                   | 11.438      | WA, SALMON RECOVERY FUNDING BOARD         | 01-01369P                  | 1,012,761                   |
|                                   |             |   | 02-1437C                   | 109                         |
| DOC, NATIONAL OCEANIC AND         |             |   |                            |                             |
| ATMOSPHERIC ADMINISTRATION (NOAA) | 11.438      | ID, OFFICE OF SPECIES CONSERVATION        | 01604SA                    | 130,000                     |
|                                   | 11.419      | BLANK                                     | NA04NOS4190064             | 47,878                      |
|                                   |             |   | NA06NOS4190224             | 11,573                      |
|                                   |             |   | NA09NOS4190290             | 96,700                      |
|                                   |             | DE, DEPARTMENT OF NATURAL RESOURCES       | 07010106487                | 231                         |
|                                   |             | AND ENVIRONMENTAL CONTROL                 | CRD-WETLAND EVALUATION     | 4,138                       |
|                                   |             | GA, DEPARTMENT OF NATURAL RESOURCES       | E1-6-A-028                 | 31,303                      |
|                                   |             | IN, DEPARTMENT OF NATURAL RESOURCES       | 04D-0.04                   | (62)                        |
|                                   |             | MI, DEPARTMENT OF ENVIRONMENTAL QUALITY   | GRL0001                    | 249,901                     |
|                                   |             | NY, TUG HILL COMMISSION                   | 02-374 N                   | (1,754)                     |
|                                   |             | TX, GENERAL LAND OFFICE                   | NOIA MATAGORDA COUNTY      | (1,171)                     |
|                                   |             | TX, MATAGORDA COUNTY                      | 85002-005.39               | (178)                       |
|                                   |             | WI, DEPARTMENT OF ADMINISTRATION          | 86003-006.34               | 18,779                      |
|                                   |             |   | AD069014-007.40            | 3,722                       |
|                                   | 11.431      | BLANK                                     | NA0604RA410009             | 89,498                      |
|                                   | 11.438      | AK, DEPARTMENT OF FISH AND GAME           | COOP 07-079                | 180,477                     |
|                                   |             | OR, OREGON WATERSHED ENHANCEMENT          | 204-382                    | 477                         |
|                                   |             | BOARD                                     | 205-194                    | 108,690                     |
|                                   |             |   | 207.004                    | 25,466                      |
|                                   |             | WA, SALMON RECOVERY FUNDING BOARD         | 04-1624P                   | 107,286                     |
|                                   | 11.463      | BLANK                                     | NA03NOS4630170             | (4,847)                     |
|                                   |             |   | NA04NMF4630233             | 29,567                      |
|                                   |             |   | NA04NMF4630233-03          | 169,692                     |

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**THE NATURE CONSERVANCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>                    | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                   | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|--|-------------|--|----------------------------|-----------------------------|
| DOC, NOAA continued                      | 11.463      | BLANK  | NAD4NMFF4630331            | \$ 3,474                    |
|  |             |  | NAD4NOS4630108             | 15,709                      |
|  |             |  | NAD4NOS4630285             | 17,990                      |
|  |             |  | NAD4NOS4630288             | 87                          |
|  |             |  | NA05NMFF4631055            | 35,045                      |
|  |             |  | NA05NOS4631118             | 5,924,842                   |
|  |             |  | NA06NMFF4630083            | 6,348                       |
|  |             |  | NA06NMFF4630102            | 18,310                      |
|  |             |  | NA06NMFF4630112            | 5,857                       |
|  |             |  | NA06NMFF4630113            | 32,573                      |
|  |             |  | NA06NOS4630032             | 40,884                      |
|  |             |  | NA07TZ0596                 | (10,600)                    |
|  |             |  | NA15OR2515                 | (542)                       |
|  |             |  | NA17FZ1492                 | 43,415                      |
|  |             |  | 123                        | 25,000                      |
|  |             |  | 177                        | 10,861                      |
|  |             | DC, AMERICAN RIVERS                          |                            |                             |
|  |             |  |                            | (102,684)                   |
|  |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION    | 2004-0011-020              | 9,941                       |
|  |             |  | 2005-0220-000              | 45,893                      |
|  |             |  | 2006-0072-000              | 37,610                      |
|  |             |  | 2006-0090-012              | 19,872                      |
|  |             |  | 2006-0090-013              | 13,832                      |
|  |             |  | 5008                       | 5,522                       |
|  |             | TX, GULF OF MEXICO FOUNDATION                | 2005-0007-032              | 47,012                      |
| 11.470                                   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION    | NA04NOS4730161             | 116,631                     |
| 11.473                                   |             | BLANK  | AB133F-04-SE-0872          | (589)                       |
| 11.UNK                                   |             | BLANK  | NA18FZ1296                 | 210,222                     |
|  |             | AK, DEPARTMENT OF NATURAL RESOURCES          | 10-05-067/06-135           |                             |
|  |             |  |                            |                             |
|  |             | CT, CONNECTICUT RIVER WATERSHED COUNCIL      | GREAT ISLAND MARSHES-NOAA  | 10,000                      |
|  |             |  | CRWC LT PHRAG              |                             |
|  |             | CT, SAVE THE SOUND                           | EIGHTMILE RIVER-NOAA STS   | 10,000                      |
|  |             |  | ZENKO                      |                             |
|  |             | FL, DEPARTMENT OF ENVIRONMENTAL PROTECTION   | CZ716                      | 32,076                      |
|  |             | HI, DEPARTMENT OF LAND AND NATURAL RESOURCES | C34255                     | 1,650                       |
|  |             | IN, DEPARTMENT OF NATURAL RESOURCES          | DNR BONGI INV CONTROL      | 265                         |
|  |             | MD, NATIONAL MARINE SANCTUARY FOUNDATION     | NMSF070104                 | (732)                       |
|  |             | MS, DEPARTMENT OF MARINE RESOURCES           | S-04-TNC-080               | 158,426                     |
|  |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION    | 2006-0090-010              | 5,743                       |
|  |             | NH, DEPARTMENT OF ENVIRONMENTAL SERVICES     | NOAA DES COASTAL PLAN      | 1,190                       |
|  |             |  | NOAA DES GB ESTUARINE RC   | 191                         |
| <b>U.S. DEPARTMENT OF COMMERCE Total</b> |             |  |                            | <b>9,093,552</b>            |
| <b>U.S. DEPARTMENT OF DEFENSE (DOD)</b>  | 12.116      | BLANK  | W911SR-06-2-0007           | 7,103                       |
|  | 12.420      | BLANK  | DAMD17-02-2-0075           | 28,070                      |
|  | 12.420      | BLANK  | DAMD17-09-2-0017           | (3,737)                     |
|  |             |  | DAMD17-01-2-0044           | 130,153                     |
|  |             |  | DAMD17-02-2-0075           | 257,714                     |
|  |             |  | DAMD17-02-2-0075-3         | 33,000                      |
|  |             |  | DAMD17-03-2-0050           | 120,436                     |
|  |             |  | DAMD-17-95-2-5035          | 3,137,483                   |
|  |             |  | DAMD17-99-2-9006           | (330)                       |
|  |             |  | DAMD17-03-2-0057           | 29,276                      |
|  | 12.421      | BLANK  | W81XWH-04-2-0040           | 24,472                      |
|  |             |  | W81XWH-04-2-0051           | 89,229                      |
|  |             |  | DABJ25-03-40021120         | 8,788                       |
|  |             |  | DABJ25-03-40021127         | 7,126                       |
|  |             |  | DABJ25-03-G-40021-22       | 26,600                      |
|  |             |  | DABJ25-03-G-40021-23       | 6,893                       |
|  |             |  | DABJ25-03-G-40021-24       | 36,881                      |
|  |             |  | DABJ25-03-G-40021-25       | 40,107                      |
|  |             |  | DABJ25-03-G-40021-29       | 10,365                      |
|  |             |  | DABJ25-03-G-40021-32       | 24,049                      |
|  |             |  | DABJ25-03-G-40021TD4       | 156                         |
|  |             |  | DABJ25-03-G-40021T10       | 13,073                      |
|  |             |  | DABJ25-03-G-40021T11       | 92,982                      |
|  |             |  | DABJ25-03-G-40021T12       | 16,354                      |
|  |             |  | DABJ25-03-G-40021T13       | 28,691                      |
|  |             |  | DABJ25-03-G-40021T14       | 38,704                      |
|  |             |  | DABJ25-03-G-40021T15       | 23,512                      |
|  |             |  | DABJ25-03-G-40021T16       | 23,204                      |
|  |             |  | DABJ25-03-G-40021T17       | 37,980                      |
|  |             |  | DABJ2503G40021T18          | 35,594                      |
|  |             |  | DABJ25-03-G-40021T19       | 56,285                      |
|  |             |  | DABJ25-03-G-40021T21       | 89,949                      |
|  |             |  | DABJ25-03-G4002-1T26       | 176                         |
|  |             |  | DABJ25-03-G4002-1T28       | 1,218                       |
|  |             |  | DABJ25-03-G40021T30        | 6,225                       |
|  |             |  | DABJ2503G40021T08          | 5,970                       |
|  |             |  | DABJ2503G40021T09          | 813                         |
|  |             |  | DABK39-03-H-0002           | 264                         |

The accompanying notes are an integral part of this schedule.

**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| FEDERAL AGENCY                       | CFDA   | PASS-THROUGH AGENCY                       | AGREEMENT ID NUMBER       | FEDERAL EXPENDITURES |
|--------------------------------------|--------|---|---------------------------|----------------------|
| DOD continued                        | 12.UNK | BLANK                                     | DACA87-02-H-0004          | \$ 833               |
|                                      |        |   | DACA87-03-H-0007          | 3,819                |
|                                      |        |   | DACA87-03-H-0030          | 0                    |
|                                      |        |   | DACA87-04-H-0003          | 110,714              |
|                                      |        |   | DACA87-04-H0004           | 29,147               |
|                                      |        |   | DACA87-04-H-0007          | 110,731              |
|                                      |        |   | DACA87-05-H-0002          | 7,223                |
|                                      |        |   | DACA87-05-H-0008          | 94,488               |
|                                      |        |   | DACA87-05-H-0008          | 113,037              |
|                                      |        |   | DACA87-05-H-0013          | 57,329               |
|                                      |        |   | DACA87-05-H-0018          | 220,205              |
|                                      |        |   | DAHA 38-01-2-9001         | 5,828                |
|                                      |        |   | DAMD17-00-2-0069          | 479,540              |
|                                      |        |   | DAMD17-01-2-0063          | 45,231               |
|                                      |        |   | DOD MAARNG FY05 CMP EDWDS | 492                  |
|                                      |        |   | DPW-ENV 02-A-0001         | 1,958,343            |
|                                      |        |   | DPW-ENV-97-A-0001         | 24,139               |
|                                      |        |   | FT. GORDON MON/MNGMNT2    | 181,364              |
|                                      |        |   | N82487-04-RP-00155        | 7,816                |
|                                      |        |   | N82487-05-RP-00127        | 42,475               |
|                                      |        |   | OS600156 07               | 4,380                |
|                                      |        |   | OS60015605                | 78                   |
|                                      |        |   | OS60015608                | 38,810               |
|                                      |        |   | PQWY030702                | 41,078               |
|                                      |        |   | PQWY050003A               | 8,822                |
|                                      |        |   | PQWY050707                | 66,302               |
|                                      |        |   | PQWY050708                | 32,156               |
|                                      |        |   | PQWY050710                | 2,369                |
|                                      |        |   | W88EWD3048NE32            | (492)                |
|                                      |        |   | W88EWD3048NE33            | 21,484               |
|                                      |        |   | W81EWF81045125            | 171,344              |
|                                      |        |   | W811SR-05-2-0005          | 70,154               |
|                                      |        |   | W912DY-07-2-0022          | 6,057                |
|                                      |        | MN, ST. CLOUD STATE UNIVERSITY            | 120799                    | 38,085               |
|                                      |        | MS, MISSISSIPPI MILITARY DEPARTMENT       | 06-MOA-ARE-06             | 192,385              |
|                                      |        |   | 06-SA-ARE-02              | 186,975              |
|                                      |        |   | 07-MOA-ARE-02             | 253,308              |
|                                      |        |   | PD70504370100327          | (8,149)              |
|                                      |        |   | PD70504370100440          | (296)                |
|                                      |        |   | PD70505370100466          | (8,636)              |
|                                      |        |   | PD70506370100133          | 2,243                |
|                                      |        | DC, NATIONAL FISH AND WILDLIFE FOUNDATION | 2005-0004-017             | (37,812)             |
|                                      |        | OR, MILITARY DEPARTMENT                   | NG63803C3007              | 10,545               |
|                                      |        | ME, ARMY NATIONAL GUARD                   | 15A U079995370            | 15,816               |
| DOD, NATIONAL GUARD BUREAU           | 12.UNK |   |                           | 9,077,015            |
| U.S. DEPARTMENT OF DEFENSE Total     |        |   |                           |                      |
| U.S. DEPARTMENT OF EDUCATION (ED)    | 84.033 | NC, DUKE UNIVERSITY                       | USDED/DUKE U WORK STUDY   | (0)                  |
| U.S. DEPARTMENT OF EDUCATION Total   |        |   | USDED/DUKE WORK STUDY 07  | 831                  |
|                                      |        |   |                           | 831                  |
| U.S. DEPARTMENT OF ENERGY (DOE)      | 81.049 | BLANK                                     | DE-FC28-01NT41151         | 504,811              |
| DOE, BONNEVILLE POWER                |        | BLANK                                     |                           |                      |
| ADMINISTRATION (BPA)                 | 81.UNK |   | 22147                     | (2,325)              |
|                                      |        |   | 00026685                  | 60,314               |
|                                      |        |   | 00032090                  | 10,102               |
|                                      |        |   | 00033214                  | 4,920,572            |
|                                      |        | OR, THE CONFEDERATED TRIBES OF THE        |                           |                      |
|                                      |        | WARM SPRINGS RESERVATIONS OF OREGON       | L-12514-07                | 1,258                |
| U.S. DEPARTMENT OF ENERGY Total      |        |   |                           | 6,484,630            |
| U.S. DEPARTMENT OF INTERIOR (DOI)    | 15.UNK | TX, CADDO LAKE INSTITUTE                  | CADDO LAKE INST-CADDO     | (33,500)             |
| DOI, BUREAU OF LAND MANAGEMENT (BLM) | 15.225 | BLANK                                     | BAA050049                 | 244,559              |
|                                      | 15.228 | BLANK                                     | DLA0300220                | 43,285               |
|                                      |        |   | GDAG030024                | 8,259                |
|                                      | 15.231 | BLANK                                     | JSA051002                 | 10,570               |
|                                      | 15.243 | BLANK                                     | HAA051500HEF061502        | 8,577                |
|                                      | 15.504 | BLANK                                     | DAAG02211                 | 39,751               |
|                                      | 15.DAC | BLANK                                     | 1422 CAA030009            | (1,632)              |
|                                      | 15.DAK | BLANK                                     | AAA020005/AAF020001       | 24,008               |
|                                      |        | DC, NATIONAL FISH AND WILDLIFE FOUNDATION | 2006-0143-000             | 1,774                |
|                                      | 15.DAM | BLANK                                     | NFWF/BLM WV OAK MAPPING   | 6,888                |
|                                      | 15.UNK | BLANK                                     | HAA051500                 | 969                  |
|                                      |        |   | AAA020005/AAF030019       | 3,300                |
|                                      |        |   | AAA020005/AAF030040       | (338)                |
|                                      |        |   | AAA020005/AAF040054       | 32,775               |
|                                      |        |   | AAA020005/AAF050047       | (203)                |
|                                      |        |   | ESA010009 #14             | 4,189                |
|                                      |        |   | ESA010009 #16             | 2,295                |

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**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>                       | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                                | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|-------------|---|----------------------------|-----------------------------|
| DOI, BLM <i>continued</i>                   | 15.UNK      | BLANK   | ESA010009 #22              | 887                         |
|   |             |   | ESA010009 #26              | 3,558                       |
|   |             |   | ESA010009 TO 27            | 143                         |
|   |             |   | ESA010009-28               | 1,684                       |
|   |             |   | ESA010009-29               | 959                         |
|   |             |   | ESA010009-30               | 2,785                       |
|   |             |   | FAA040001                  | 57,023                      |
|   |             |   | HAA051500-HEF051501        | 109                         |
|   |             |   | HWP010047                  | 1,954                       |
|   |             |   | NO ID#                     | 45                          |
|   |             |   | TCB030001                  | 5,810                       |
|   |             |   | IDFJ-041206-AT             | (44,007)                    |
|   |             | ID, STATE DEPARTMENT OF AGRICULTURE                       | BLM NV PROJECT ECOLOGIST   | 41                          |
|   |             | MT, ROCKY MOUNTAIN ELK FOUNDATION                         | 2004-0013-024              | 15,061                      |
|   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                 | 2005-0011-018              | (17,241)                    |
|   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                 | 2005-0048-000              | 4,660                       |
|   |             |   | 2006-0070-000              | 34,395                      |
|   |             | NV, CLARK COUNTY  | 4500017486-005             | 11,919                      |
|   |             |   | BLMCC MRI IN MGMT PLAN     | (2,203)                     |
|   |             | NV, EASTERN NEVADA LANDSCAPE COALITION                    | ENL.C TO #0                | 23,800                      |
|   |             |   | FAA030004-07               | 6,691                       |
|   |             |   | FAA030004-14               | 3,428                       |
|   |             |   | FAA060053                  | 22,357                      |
| DOI, BUREAU OF RECLAMATION (BOR)            | 15.504      | BLANK   | 03-FC-CU-PR010             | 20,992                      |
|   |             | OK, OKLAHOMA STATE UNIVERSITY                             | AB-5-47130                 | 4,317                       |
|   | 15.BBA      | BLANK   | 00-FG-32-0140              | 1,563                       |
|   | 15.BCD      | BLANK   | 06-FC-32-0680              | 63,814                      |
|   | 15.UNK      | BLANK   | 02FG200121                 | 3,931                       |
|   |             |   | 03FC204041                 | 44,128                      |
|   |             |   | 03FG202007                 | (1,455)                     |
|   |             |   | 03FG202031                 | 999                         |
|   |             |   | 04F-G201054                | 94,908                      |
|   |             |   | 04FG202047                 | (1,559)                     |
|   |             |   | 1425-87-FG-32-00720        | 745                         |
|   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                 | 97-058                     | 357,973                     |
|   |             | NV, CITIES OF RENO AND SPARKS                             | 06FG204103                 | 3,834,950 *                 |
|   |             | UT, RECLAMATION, MITIGATION & CONSERVATION COMMISSION     | 04-FC-UT-1160              | 13,138                      |
|   |             |   | 05-FC-UT-1120              | 127,248                     |
|   |             |   | 05-FC-UT-1220              | 12,892                      |
| DOI, NATIONAL PARK SERVICE (NPS)            | 15.929      | BLANK   | H8355050001                | 8,488                       |
|   | 15.ABK      | BLANK   | H-1248-03-0002             | 4,185                       |
|   | 15.DAK      | BLANK   | H8120030138                | 1,572,539                   |
|   | 15.UNK      | BLANK   | 1443CA309700101            | 62,126                      |
|   |             |   | CA-1248-00-002             | 11,981                      |
|   |             |   | CA4560A0018                | (11)                        |
|   |             |   | CNP HARLEQUIN DUCK BAND    | (205)                       |
|   |             |   | H3892060004                | 1,226                       |
|   |             |   | H4506040637                | 9,072                       |
|   |             |   | H4506060626-001            | 3,899                       |
|   |             |   | H4525020034                | 67,953                      |
|   |             |   | H4560040025                | 282                         |
|   |             |   | H4560040077                | 7,009                       |
|   |             |   | H5000 02 0486              | 9,832                       |
|   |             |   | H9865050097                | 8,105                       |
|   |             |   | J2115060017                | 2,021                       |
|   |             |   | J2118 04 0008              | 674                         |
| DOI, OFFICE OF INSULAR AFFAIRS (OIA)        | 15.UNK      | VA, NATURESERVE   | NY-007-FY07                | 881                         |
|   |             | BLANK   | CRI-FSM-2                  | 62,307                      |
|   |             |   | CRI-FSM-3                  | 26,212                      |
| DOI, U.S. FISH AND WILDLIFE SERVICE (USFWS) | 15.015      | OR, DEPARTMENT OF AGRICULTURE                             | ODAUSFWS SEC 6 GAZELLE     | 700,000                     |
|   | 15.FFB      | NC, NATIONAL COUNCIL FOR AIR AND STREAM IMPROVEMENT, INC. | NCASI05012005              | (820)                       |
|   | 15.000      | CA, DEPARTMENT OF FISH AND GAME                           | P0550004                   | 353,344                     |
|   |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                 | 2004-0013-025              | 763                         |
|   | 15.185      | GA, WILDLIFE RESOURCES AGENCY                             | GR-04-15961-00             | (650)                       |
|   | 15.228      | BLANK   | 401816G047                 | 9,952                       |
|   |             |   | 50181-S-G055               | 12,620                      |
|   | 15.333      | AL, DEPARTMENT OF CONSERVATION & NATURAL RESOURCES        | USFWS AL LIP               | 48,849                      |
|   | 15.602      | BLANK   | 1448-40181-02-G113         | 1                           |
|   |             |   | 1448-40181-02-J025         | 10,343                      |
|   | 15.608      | BLANK   | 134103J007                 | 34,133                      |
|   |             |   | 134106J026                 | 4,342                       |
|   |             |   | 134106J027                 | 5,562                       |
|   |             |   | 13410-6-J045               | 10,000                      |
|   |             |   | 13420-06-J604              | 9,259                       |
|   |             |   | 1448-13420-01-J119         | 1,385                       |
|   |             |   | 1448-20181-03-G517         | 1,825                       |
|   |             |   | 1448-40181-02-G234         | 4                           |
|   |             |   | 30181-S-J201               | (2,150)                     |

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**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>       | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                                   | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|-----------------------------|-------------|--|----------------------------|-----------------------------|
| DOI, USFWS <i>continued</i> | 15.008      | BLANK  | 301813J02                  | 18,388                      |
|                             |             |  | 401813J002                 | (190)                       |
|                             |             |  | 401814034                  | 3,048                       |
|                             |             |  | 401816G045                 | 39,975                      |
|                             |             |  | 701817J658                 | 3,153                       |
|                             |             | IL, ILLINOIS CONSERVATION FOUNDATION                         | FWS 0001                   | 121,805                     |
|                             |             |  | FW60504                    | 10,079                      |
|                             |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                    | 2005-0012-002              | 65,366                      |
|                             |             |  | 2005-0159-000              | 30,307                      |
|                             |             |  | 2005-0197-033              | 13,269                      |
|                             |             |  | 2005-0207-000              | 53,224                      |
|                             |             |  | 2006-0017-000              | 14,516                      |
|                             |             |  | 2006-0105-041              | 13,396                      |
|                             | 15.615      | DC, NATIONAL FISH AND WILDLIFE FOUNDATION                    | 2006-0138-000              | (43,733)                    |
|                             |             |  | NFWF/MDC CA OZARK PINE OK  | 2,969                       |
|                             |             | NC, NATIONAL COUNCIL FOR AIR AND<br>STREAM IMPROVEMENT, INC. | NCASI MA FY07              | 47,337                      |
|                             |             | BLANK  | 1448-40181-00-G220         | 49,083                      |
|                             |             |  | 1448-40181-02-G119         | 5,580                       |
|                             |             |  | 40181-2-G141               | 80,237                      |
|                             |             | AL, DEPARTMENT OF CONSERVATION &<br>NATURAL RESOURCES        | 2004C-CNR-104              | (526)                       |
|                             |             |  | 2004C-CNR-105              | (380)                       |
|                             |             | AR, GAME & FISH COMMISSION                                   | E-25-HF                    | 97,957                      |
|                             |             | CT, DEPARTMENT OF ENVIRONMENTAL<br>PROTECTION                | 2006-6290                  | 4,038                       |
|                             |             | GA, DEPARTMENT OF NATURAL RESOURCES                          | DNR-LOWER ALTAMAHA         | 24,263                      |
|                             |             | IN, DEPARTMENT OF NATURAL RESOURCES                          | E2-6-A335                  | 27,023                      |
|                             |             | MI, DEPARTMENT OF NATURAL RESOURCES                          | LIBERTY FEN ACQ - CONNIN   | 163,043                     |
|                             |             |  | PAW PAW RIVER-OGATA        | 59,398                      |
|                             |             | TN, WILDLIFE RESOURCES AGENCY                                | GR-05-16794-00             | 1,425                       |
|                             |             |  | GR-06-17785-00             | 354,810                     |
|                             |             | TX, PARKS & WILDLIFE DEPARTMENT                              | 165404                     | 844                         |
|                             |             |  | 173071                     | (1,198)                     |
|                             |             | UT, DIVISION OF WILDLIFE RESOURCES                           | 071900                     | 141,189                     |
|                             |             | WA, DEPARTMENT OF FISH & WILDLIFE                            | 06-1253                    | 10,599                      |
|                             |             |  | 06-1255                    | 990,181                     |
|                             |             |  | 06-1310                    | 45,000                      |
|                             |             |  | 39030369                   | 12,455                      |
|                             | 15.617      | BLANK  | 1448-13420-02-J209         | 2,480                       |
|                             |             |  | 1448-80181-00-J493         | (600)                       |
|                             |             |  | 1448-80181-03-J497         | 859                         |
|                             |             |  | 30181-3-G006               | 3,190                       |
|                             | 15.623      | BLANK  | 1448-80181-05-G326         | 2,617                       |
|                             |             |  | 98210-0-G702               | 205,193                     |
|                             |             |  | 9821015888                 | 14,888                      |
|                             |             |  | 98210-2-G137               | 151,343                     |
|                             |             |  | 98210-2-G238               | 24,357                      |
|                             |             |  | 98210-3-G550               | (688)                       |
|                             |             |  | 98210-3-G624               | (394)                       |
|                             |             |  | 98210-4-G795               | (14,387)                    |
|                             |             |  | VA-N161                    | 7,431                       |
|                             |             |  | VA-N191                    | 51,441                      |
|                             |             |  | VA-N211                    | 458,102                     |
|                             |             |  | VA-N401C                   | 170,190                     |
|                             |             |  | VA-N431A                   | 274                         |
|                             |             | IN, LAKE HERITAGE PARKS FOUNDATION                           | LHPF USFWS NAWCA GKHRP     | 3,827                       |
|                             |             | NC, COASTAL LAND TRUST                                       | 98210-4-G823               | 352,000                     |
|                             |             | TN, DUCKS UNLIMITED INC.                                     | IN-13-5                    | 3,000                       |
|                             |             |  | MI-97-3                    | 100,000                     |
|                             |             |  | OH-82-2                    | 82,760                      |
|                             |             |  | US-TX-97-1                 | 162,265                     |
|                             |             |  | VA-N121                    | 227,982                     |
|                             | 15.625      | NY, DEPARTMENT OF ENVIRONMENTAL<br>CONSERVATION              | C190041                    | 56,624                      |
|                             |             | PA, PENNSYLVANIA GAME COMMISSION                             | 4100011946                 | (1,581)                     |
|                             | 15.630      | BLANK  | 134105J020                 | 26,886                      |
|                             |             |  | 1448-20181-05-G022         | 4,926                       |
|                             |             |  | 1448-20181-05-G027         | 16,041                      |
|                             |             |  | 20181-5-G020               | 22,888                      |
|                             |             |  | 30181-4-J053               | 18,780                      |
|                             |             |  | 40181-6-G118               | 55,938                      |
|                             |             |  | 701814G308                 | 30,181                      |
|                             |             |  | 70181-5-G346               | 29,336                      |
|                             |             |  | 70181-7-G463               | 28,006                      |
|                             | 15.631      | BLANK  | 06-0027                    | (9,665)                     |
|                             |             |  | 11620-01-J436              | 330                         |
|                             |             |  | 122005G020                 | 20,045                      |
|                             |             |  | 13410-4-J012               | 15,612                      |
|                             |             |  | 13410-5-J002               | 16,413                      |
|                             |             |  | 13410-5-J005               | 1,300                       |
|                             |             |  | 13410-5-J006               | (2,321)                     |
|                             |             |  | 134106J011                 | 4,915                       |
|                             |             |  | 134106J019                 | 15,888                      |
|                             |             |  | 144203J242A                | 5,950                       |

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**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>       | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                      | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|-----------------------------|-------------|---|----------------------------|-----------------------------|
| DOI, USFWS <i>continued</i> | 15.631      | BLANK   | 144214J003                 | \$ 119                      |
|                             |             |   | 1448-0005-94-0100          | 6,245                       |
|                             |             |   | 1448-20181-03-G577         | 113                         |
|                             |             |   | 1448-20181-05-G519         | (551)                       |
|                             |             |   | 1448-20181-07-G533         | 1,431                       |
|                             |             |   | 1448-20181-5-G599          | 22,088                      |
|                             |             |   | 1448-40181-01-G122         | 545                         |
|                             |             |   | 301811J193                 | 52,038                      |
|                             |             |   | 301815J187                 | 10,494                      |
|                             |             |   | 30181-6-J184               | 3,802                       |
|                             |             |   | 401814G141                 | 4,473                       |
|                             |             |   | 401814G158                 | 699                         |
|                             |             |   | 40181-5-G200               | 8,560                       |
|                             |             |   | 401815-G096                | 8,080                       |
|                             |             |   | 40181-5-J024               | 37,716                      |
|                             |             |   | 401816J039                 | 52,038                      |
|                             |             |   | 40181-6-J132               | 15,212                      |
|                             |             |   | 401817J028                 | 247,505                     |
|                             |             |   | 50181-5-J052               | 878                         |
|                             |             |   | 50181-5-J053               | 783                         |
|                             |             |   | 50181-6-J089               | 231                         |
|                             |             |   | 60181-6-J571               | 4,082                       |
|                             |             |   | 61530-06-003               | 3,200                       |
|                             |             |   | 64860-5-C049               | 8,895                       |
|                             |             |   | 64860-6-C050               | 375                         |
|                             |             |   | JNPL0-2007-06              | 5,000                       |
|                             |             |   | USFWS HDA RICKARDSON       | 8,530                       |
|                             |             |   | TRAC                       | 7,892                       |
|                             |             |   | WY02-012                   | (25,000)                    |
|                             |             | VA, FISHAMERICA FOUNDATION                      | FAF-5096                   | 23,018                      |
|                             |             |   | FAF-5122A                  | 18,904                      |
|                             |             |   | FAF-5124                   |                             |
|                             |             | VT, DEPARTMENT OF ENVIRONMENTAL<br>CONSERVATION | 2006-RCG-3-01              | 502                         |
|                             |             | WA, WOLF HEAVEN INTERNATIONAL                   | 13410-6-J028               | 8,255                       |
| 15.632                      | BLANK       |   | 122004G041                 | 50,404                      |
|                             |             |   | 122005G024                 | 58,305                      |
|                             |             |   | 134103J014                 | 19,140                      |
|                             |             |   | 134106J003                 | 14,822                      |
|                             |             |   | 13420-04-J437              | 2,603                       |
|                             |             |   | 13420-05-J525              | 43,714                      |
|                             |             |   | 13420-06-J634              | 6,593                       |
|                             |             |   | 13720-06-J629              | 231                         |
|                             |             |   | 144216-J001                | 13,875                      |
|                             |             |   | 1448-13420-03-J318         | (1,808)                     |
|                             |             |   | 1448-20181-05-G510         | 10,880                      |
|                             |             |   | 1448-20181-05-G904         | 448                         |
|                             |             |   | 1448-20181-06-G952         | 2,878                       |
|                             |             |   | 1448-20181-07-G901         | 4,208                       |
|                             |             |   | 1448-40181-01-G067         | 156                         |
|                             |             |   | 1448-40181-01-G089         | 114                         |
|                             |             |   | 1448-40181-02-J046         | (99)                        |
|                             |             |   | 1448-40181-03-G931         | 3,962                       |
|                             |             |   | 1448-40181-08-G114         | 112                         |
|                             |             |   | 1448-80181-3-G513          | 26,170                      |
|                             |             |   | 20181-6-G912               | 2,987                       |
|                             |             |   | 30181-4-G005               | 8,070                       |
|                             |             |   | 301815G024                 | 702                         |
|                             |             |   | 30181-5-G034               | 3,960                       |
|                             |             |   | 401813G135                 | (413)                       |
|                             |             |   | 401813G144                 | 1,600                       |
|                             |             |   | 40181-3-G148               | 391                         |
|                             |             |   | 401813G156                 | 16,401                      |
|                             |             |   | 401813G165                 | 37,494                      |
|                             |             |   | 401813G168                 | (230)                       |
|                             |             |   | 401813J028                 | 51,604                      |
|                             |             |   | 401814G131                 | (778)                       |
|                             |             |   | 401814G148                 | 4,047                       |
|                             |             |   | 401814J005                 | (565)                       |
|                             |             |   | 40181-5-G051               | 17,907                      |
|                             |             |   | 40181-5-G065               | 3,291                       |
|                             |             |   | 401815J024                 | 89,858                      |
|                             |             |   | 40181-6-G019               | 1,705                       |
|                             |             |   | 40181-6-G038               | 2,271                       |
|                             |             |   | 401816G079                 | 5,870                       |
|                             |             |   | 40181-6-G081               | 16,787                      |
|                             |             |   | 401816G089                 | 1,170                       |
|                             |             |   | 40181-6-G090               | 4,405                       |
|                             |             |   | 40181-6-G095               | 291                         |
|                             |             |   | 40181-6-G102               | 1,840                       |
|                             |             |   | 40181-6-G103               | 9,019                       |
|                             |             |   | 40181-6-G110               | 19,197                      |
|                             |             |   | 40181-6-G124               | 18,810                      |
|                             |             |   | 401818-G131                | 70,793                      |
|                             |             |   | 40181-6-G135               | 1,723                       |

*The accompanying notes are an integral part of this schedule.*

**THE NATURE CONSERVANCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u> | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                                       | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|-----------------------|-------------|--|----------------------------|-----------------------------|
| DOI, USFWS continued  | 15.832      | BLANK  | 40181-8-G138               | 5,725                       |
|                       |             |  | 40181-8-G141               | 120,624                     |
|                       |             |  | 40181GJ029                 | 32,614                      |
|                       |             |  | 401817J013                 | 134,681                     |
|                       |             |  | 50181-4-G008               | (2,804)                     |
|                       |             |  | 50181-4-G012               | 23,772                      |
|                       |             |  | 50181-5-G005               | 22,772                      |
|                       |             |  | 50181-5-G050               | 14,743                      |
|                       |             |  | 50181-5-G051               | 4,580                       |
|                       |             |  | 50181-6-G003               | 146,108                     |
|                       |             |  | 50181-6-G004               | 23,138                      |
|                       |             |  | 50181-7-G022               | 8,412                       |
|                       |             |  | 60181G186                  | 5,315                       |
|                       |             |  | 60181-7-G361               | 3,044                       |
| 15.833                |             | DE, DEPARTMENT OF NATURAL RESOURCES<br>AND ENVIRONMENTAL CONTROL | 05020001773                | 15,278                      |
|                       |             | IA, DEPARTMENT OF NATURAL RESOURCES                              | USFWS/DNR BURN BOSS/CREW   | 30,310                      |
|                       |             | KY, DEPARTMENT OF FISH & WILDLIFE                                | 060000624                  | 60,995                      |
|                       |             |  | C-04147948                 | (1,569)                     |
|                       |             | MA, DEPARTMENT OF FISH AND WILDLIFE                              | FWS DFW LIP FY07 KAMPOOSA  | 42,807                      |
|                       |             |  | FWS DFW LIP FY07 SCHENOB   | 22,320                      |
|                       |             |  | USFWS LIP MADFW            |                             |
|                       |             |  | BARTHOLOM                  | 497                         |
|                       |             |  | USFWS LIP MADFW            |                             |
|                       |             | MD, DEPARTMENT OF NATURAL RESOURCES                              | SCHMULSKY                  | 539                         |
|                       |             |  | KOOP6201068                | 12,586                      |
|                       |             | MI, DEPARTMENT OF NATURAL RESOURCES                              | USFWS MDNR LIP WOL ALG     | 9,950                       |
|                       |             |  | 751R4003901                | 286                         |
|                       |             |  | 75N800671                  | 19,718                      |
|                       |             |  | USFWS HAESHUTTER LIP       | 5,581                       |
|                       |             |  | USFWS PAW PAW RIVER LIP    | 2,560                       |
|                       |             |  | USFWS/DNR BAKERS LIP       | 8,613                       |
|                       |             |  | USFWS/DNR CLAWSON LIP      | 8,005                       |
|                       |             |  | USFWS/DNR DOLZA LIP 07     | 478                         |
|                       |             |  | USFWS/DNR GOLDEN LIP 07    | 2,145                       |
|                       |             |  | USFWS/DNR GRAND LIP 06     | 3,789                       |
|                       |             |  | USFWS/DNR IVES LIP 06      | 5,294                       |
|                       |             |  | USFWS/DNR NUGENT LIP 07    | 2,838                       |
|                       |             |  | USFWS/DNR PAW LIP 07       | 1,054                       |
|                       |             |  | USFWS/DNR STOCK LIP        | 6,655                       |
|                       |             |  | USFWS/DNR SWAMPY LIP       | 7,020                       |
|                       |             |  | USFWS/DNR WEAVER LIP 07    | 706                         |
|                       |             |  | USFWS/DNR ZETTER LIP 06    | 4,706                       |
|                       |             | NC, WILDLIFE RESOURCES COMMISSION                                | 2895-2006-01-71-1          | 31,107                      |
|                       |             | NE, NEBRASKA GAME & PARKS COMMISSION                             | LIP-02-05                  | 1,803                       |
|                       |             |  | LIP-02-05-02               | 1,872                       |
|                       |             | NJ, DEPARTMENT OF ENVIRONMENTAL<br>PROTECTION                    | FG06-044                   | 6,960                       |
|                       |             |  | FG06-045                   | 4,283                       |
|                       |             | OR, DEPARTMENT OF FISH & WILDLIFE                                | 010-0233-S-WILDLIFE        | 35,118                      |
|                       |             | TN, WILDLIFE RESOURCES AGENCY                                    | GR05-16489-00              | 103,264                     |
|                       |             |  | GR-07-20583-00             | 2,301                       |
|                       |             | UT, DIVISION OF WILDLIFE RESOURCES                               | 62202                      | 780,000                     |
|                       |             | WA, DEPARTMENT OF FISH & WILDLIFE                                | 04-1604                    | 14,486                      |
|                       |             |  | 04-2156                    | 12,501                      |
|                       |             |  | 05-2467                    | 23,618                      |
| 15.834                |             | BLANK  | 4018143068                 | 260                         |
|                       |             | AK, DEPARTMENT OF FISH AND GAME                                  | IHP-04-116                 | (979)                       |
|                       |             | AL, DEPARTMENT OF CONSERVATION &<br>NATURAL RESOURCES            | 2005C-CNR-107              | 82,965                      |
|                       |             |  | 2006-CNR-101               | 2,388                       |
|                       |             | AR, GAME & FISH COMMISSION                                       | SWG 06-BLCKLD              | 11,065                      |
|                       |             |  | SWG06-CAVESPGS             | 15,539                      |
|                       |             |  | SWG06-II MAP               | 54,714                      |
|                       |             |  | SWG06-KARST                | 1,425                       |
|                       |             |  | SWG06-KGSLD                | 26,495                      |
|                       |             |  | SWG06-PNCITY               | 6,795                       |
|                       |             |  | SWG06-SPGRV                | 15,028                      |
|                       |             |  | SWG06-STRAWRV              | 14,445                      |
|                       |             |  | USFWS AGF ASSES UP SAL RV  | (1,038)                     |
|                       |             |  | USFWS AGF LW TERRACE PLAN  | 937                         |
|                       |             | FL, FISH AND WILDLIFE CONSERVATION<br>COMMISSION                 | 05046                      | 1,293                       |
|                       |             |  | 05047                      | 12,252                      |
|                       |             | GA, DEPARTMENT OF NATURAL RESOURCES                              | GA DNR-MOODY SUPP 5        | 19,789                      |
|                       |             | ND, GAME AND FISH DEPARTMENT                                     | NDGF 11A                   | 131,009                     |
|                       |             | NE, NEBRASKA GAME & PARKS COMMISSION                             | NE-2004-6-SWG1             | 2,173                       |
|                       |             |  | NGPC SWG PHP MATCH         | (1,110)                     |
|                       |             |  | T-26                       | 7,910                       |
|                       |             |  | T-44-HM                    | 3,706                       |
|                       |             |  | USFWS/NGPC SWG CP          |                             |
|                       |             |  | GRASSLD                    | 3,401                       |
|                       |             | NH, DEPARTMENT OF FISH & GAME                                    | FWS NHFG WILDLIFE PLAN     | (0)                         |
|                       |             | NY, DEPARTMENT OF ENVIRONMENTAL<br>CONSERVATION                  | C004390                    | 201,709                     |

*The accompanying notes are an integral part of this schedule.*

**THE NATURE CONSERVANCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>       | <u>CFDA</u>                        | <u>PASS THROUGH AGENCY</u>                   | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|-----------------------------|------------------------------------|--|----------------------------|-----------------------------|
| DOI, USFWS <i>continued</i> | 15.634                             | NY, DEPARTMENT OF ENVIRONMENTAL CONSERVATION | C005099                    | \$ 5,466                    |
|                             |                                    |  | C005104                    | 47,960                      |
|                             |                                    |  | C005493                    | 31,740                      |
|                             |                                    |  | C006028                    | 30,846                      |
|                             |                                    | OK, DEPARTMENT OF WILDLIFE CONSERVATION      | T-41-FY2007                | 53,681                      |
|                             |                                    | PA, PENNSYLVANIA GAME COMMISSION             | 4100033091                 | 30,624                      |
|                             |                                    |  | 4100033092                 | 28,212                      |
|                             |                                    |  | 4100033093                 | 1,265                       |
|                             |                                    | TN, WILDLIFE RESOURCES AGENCY                | GR-04-16072-00             | 3,840                       |
|                             |                                    | TX, PARKS & WILDLIFE DEPARTMENT              | CR-06-17977-00             | 125,180                     |
|                             |                                    |  | 123370                     | (272)                       |
|                             |                                    |  | 123373                     | (226)                       |
|                             |                                    | VT, DEPARTMENT OF FISH & WILDLIFE            | 06120FY0467                | 6,165                       |
|                             |                                    | WI, DEPARTMENT OF NATURAL RESOURCES          | USFWS/DNR SPRING GRN 06    | 9,435                       |
|                             |                                    |  | WIDNR SWGS PECATONICA 06   | 3,045                       |
| 15.635                      | BLANK                              |  | VA-N101                    | 25,029                      |
|                             |                                    |  | VA-N111                    | 28,204                      |
|                             |                                    |  | VA-N121                    | 53,401                      |
|                             |                                    |  | VA-N251                    | 185,819                     |
|                             |                                    |  | VA-N261                    | 48,636                      |
|                             |                                    |  | VA-N291                    | (39,483)                    |
|                             |                                    |  | VA-N301                    | 19,416                      |
|                             |                                    |  | VA-N371A                   | 18,660                      |
|                             |                                    |  | VA-N6P1                    | 2,439                       |
|                             |                                    |  | VA-N801                    | (1,368)                     |
|                             |                                    | VA, AMERICAN BIRD CONSERVANCY                | VA-N281A/34-062805         | 2,743                       |
| 15.637                      | BLANK                              |  | 80181-6-G201               | 127,128                     |
| 15.639                      | AK, BRISTOL BAY NATIVE ASSOCIATION |  | U-8-NA                     | 87,903                      |
| 15.642                      | BLANK                              |  | 301814J190                 | 7,421                       |
|                             |                                    |  | 31570-6-J001               | 10,315                      |
|                             |                                    |  | 401815G198                 | 2,076                       |
|                             |                                    |  | 70181-6-K-550              | 25,000                      |
| 15.FFB                      | BLANK                              |  | 01813J184/201814T002       | 13,769                      |
|                             |                                    |  | 1448-20181-01-G917         | (100)                       |
|                             |                                    |  | 1448-20181-05-G935         | 3,521                       |
|                             |                                    |  | 1448-20181-98-G934         | (0)                         |
|                             |                                    |  | 1448-20181-98-G943         | 99                          |
|                             |                                    |  | 1448-40181-00-G096         | 3,278                       |
|                             |                                    |  | 1448-40181-01-G074         | 33,756                      |
|                             |                                    |  | 1448-40181-01-G120         | 1                           |
|                             |                                    |  | 1448-40181-01-G147         | 148                         |
|                             |                                    |  | 1448-40181-01-J014         | 42,826                      |
|                             |                                    |  | 1448-40181-02-G136         | 19                          |
|                             |                                    |  | 1448-40181-02-G139         | 156                         |
|                             |                                    |  | 201813G914                 | 9,931                       |
|                             |                                    |  | 201814G910                 | (1,214)                     |
|                             |                                    |  | 301812J112                 | 3,962                       |
|                             |                                    |  | 50181-0-J075               | 5,831                       |
|                             |                                    |  | 50181-6-J033               | 15,949                      |
|                             |                                    |  | 81440-05-G009              | 26,003                      |
|                             |                                    |  | 81440-05-G012              | 5,935                       |
|                             |                                    |  | 81440-5-G007               | 590                         |
|                             |                                    |  | 84320-5-J301               | 26,307                      |
| 15.FFC                      | BLANK                              |  | 98210-3-J142               | 4,417                       |
| 15.UNK                      | BLANK                              |  | 10131-A3-J001              | (967)                       |
|                             |                                    |  | 101816M420                 | 4,962                       |
|                             |                                    |  | 11420-4-J199               | 67,998                      |
|                             |                                    |  | 11450-4-J520               | 5,134                       |
|                             |                                    |  | 122001J007                 | 2,201                       |
|                             |                                    |  | 122003G031                 | 5,017                       |
|                             |                                    |  | 122004G022                 | 10,800                      |
|                             |                                    |  | 122004G027                 | (2,517)                     |
|                             |                                    |  | 135524J115                 | 164,900                     |
|                             |                                    |  | 14320-1-J291               | 58,140                      |
|                             |                                    |  | 143204M396                 | 960                         |
|                             |                                    |  | 1448-0003-96-811           | 17,357                      |
|                             |                                    |  | 1448-0005-93-9063          | (1,187)                     |
|                             |                                    |  | 1448-20181-06-G582         | 3,119                       |
|                             |                                    |  | 1448-20181-06-G582         | 748                         |
|                             |                                    |  | 1448-20181-06-G632         | (8,225)                     |
|                             |                                    |  | 1448-40181-01-G073         | (42)                        |
|                             |                                    |  | 1448-40181-01-G150         | 34,116                      |
|                             |                                    |  | 1448-40181-01-J019         | (299)                       |
|                             |                                    |  | 1448-50181-07-J098         | 3,109                       |
|                             |                                    |  | 201813J809                 | 4,750                       |
|                             |                                    |  | 20181-4-J890               | 1,259                       |
|                             |                                    |  | 20181G623                  | 20,016                      |
|                             |                                    |  | 40181-6-G083               | 14,941                      |
|                             |                                    |  | 50181-0-J075               | 1,180                       |
|                             |                                    |  | 50181-1-J053               | 7,285                       |
|                             |                                    |  | 50181-3-G009               | 5,431                       |
|                             |                                    |  | 50181-3-J002               | 67,401                      |
|                             |                                    |  | 50181-4-J008               | (199)                       |

*The accompanying notes are an integral part of this schedule.*

**THE NATURE CONSERVANCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| <u>FEDERAL AGENCY</u>                          | <u>CFDA</u> | <u>PASS THROUGH AGENCY</u>                         | <u>AGREEMENT ID NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|--|-------------|--|----------------------------|-----------------------------|
| DOI, USFWS <i>continued</i>                    | 15.UNK      | BLANK  | 50181-S-0004               | 15,532                      |
|  |             |  | 50181-S-0054               | 989                         |
|  |             |  | 50181-7-J178               | 14,390                      |
|  |             |  | 81440-7-J300               | 15,000                      |
|  |             |  | 81450-6-J505               | 39,407                      |
|  |             |  | 81450-6-J519               | 525,001                     |
|  |             |  | 973104M126-0004            | (141)                       |
|  |             |  | CA 84320-8-J403            | 57,451                      |
|  |             | AL, DEPARTMENT OF CONSERVATION & NATURAL RESOURCES | 2003-C-CNR-103             | (523)                       |
|  |             | AR, GAME & FISH COMMISSION                         | USFWS/AGFC LIP             | 128,811                     |
|  |             |  | USFWS/AGFC WK GROUP GIS    | 1,231                       |
|  |             | FL, UNIVERSITY OF FLORIDA                          | 00067073                   | 25,403                      |
|  |             | HI, DEPARTMENT OF LAND AND NATURAL RESOURCES       | 54555                      | 53,758                      |
|  |             |  | C25959                     | 9,015                       |
|  |             | HI, UNIVERSITY OF HAWAII                           | 2761781                    | 9,402                       |
|  |             | MT, DEPARTMENT OF FISH, WILDLIFE AND PARKS         | 050203                     | 17,282                      |
|  |             | DC, NATIONAL FISH AND WILDLIFE FOUNDATION          | 2001-0004-003              | 7,508                       |
|  |             |  | 2004-0013-008              | 11,424                      |
|  |             |  | 2004-0123-000              | 33,309                      |
|  |             |  | 2005-0136-000              | 34,102                      |
|  |             |  | 2005-0206-000              | 19,435                      |
|  |             |  | 2005-0222-000              | 22,554                      |
|  |             |  | 2005-0278-000              | (47,817)                    |
|  |             |  | 97-058                     | 381,398                     |
|  |             |  | OR-06-17639-01             | 76,493                      |
|  |             |  | NFWF/TWC YOUNG BAY PLAN    | 12,118                      |
|  |             | NM, DEPARTMENT OF GAME AND FISH                    | 05-516.0000.0077           | 3,970                       |
|  |             |  | 05-516.0000-0078           | 3,597                       |
|  |             | NV, DEPARTMENT OF CONSERVATION & NATURAL RESOURCES | 37                         | 20,441                      |
|  |             | OR, DEPARTMENT OF FISH & WILDLIFE                  | 001-5181-S-WILDLIFE        | 30,589                      |
|  |             |  | 005-5006S-WILDLIFE         | 30,863                      |
|  |             |  | 008-4279S-WILDLIFE         | 393                         |
|  |             | OR, DIVISION OF STATE LAND                         | 52210-462                  | 5,734                       |
|  |             |  | 52210-463                  | 1,080                       |
|  |             |  | 52210-465                  | 7,867                       |
|  |             |  | 52210-504                  | 210                         |
|  |             |  | 52210-506                  | 6,352                       |
|  |             |  | 54210-490                  | 4,173                       |
|  |             | OR, PARKS AND RECREATION DEPARTMENT                | AGR 05-44                  | 2,907                       |
|  |             | TN, DUCKS UNLIMITED INC.                           | US-WA-122-1                | 10,836                      |
|  |             |  | UT-18-38                   | 25,000                      |
|  |             | VA, NATURESERVE                                    | TNC-02                     | 209                         |
|  |             | VA, THE CONSERVATION FUND                          | TCF BSF RESTORE            | (521)                       |
|  |             | TN, TENNESSEE WILDLIFE RESOURCES AGENCY            | GR-07-18422-00             | 52,020                      |
| DOI, U.S. GEOLOGICAL SURVEY (USGS)             | 15.605      | AGENCY   |                            | 24,999                      |
|  | 15.808      | BLANK  | 03ERAG0040                 | 24,943                      |
|  |             |  | 05CRAG0004                 | (810)                       |
|  | 15.809      | BLANK  | 05HQAG0028                 | (220)                       |
|  | 15.811      | BLANK  | 04HQAG0147                 | 2,885                       |
|  |             |  | 06HQAG0005                 | <u>19,748,298</u>           |
| <b>U.S. DEPARTMENT OF INTERIOR Total</b>       |             |  |                            |                             |
| U.S. DEPARTMENT OF TRANSPORTATION (DOT)        | 20.UNK      | MT, DEPARTMENT OF TRANSPORTATION                   | 307474                     | (104)                       |
|  |             | NY, ADIRONDACK NORTH COUNTRY ASSOCIATION           | ANCA SCENIC BYWAYS I       | 13,384                      |
| DOT, FEDERAL HIGHWAY ADMINISTRATION (FHA)      | 20.219      | ME, DEPARTMENT OF TRANSPORTATION                   | 620                        | 21,410                      |
|  |             | TX, PARKS & WILDLIFE DEPARTMENT                    | 148375                     | (2,980)                     |
|  | 20.UNK      | NJ, DEPARTMENT OF ENVIRONMENTAL PROTECTION         | FHA MUCKSHAW PONDS TRAIL   | <u>5,487</u>                |
| <b>U.S. DEPARTMENT OF TRANSPORTATION Total</b> |             |  |                            |                             |
|  |             |  |                            | <u>37,197</u>               |
| <b>GRAND TOTAL</b>                             |             |  |                            | <u>\$ 69,124,500</u>        |

\* indicates a major program  
BLANK indicates a direct award

*The accompanying notes are an integral part of this schedule.*



## THE NATURE CONSERVANCY

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards summarizes the federal expenditures of The Nature Conservancy (the Conservancy) under programs of the U.S. federal government for the year ended June 30, 2007. The amounts reported as federal expenditures were obtained from the Conservancy's general ledger. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the Conservancy, it is not intended to and does not present the consolidated financial position, changes in net assets and cash flows of the Conservancy.

The Schedule of Expenditures of Federal Awards includes all grants, contracts, and similar agreements entered into directly between the Conservancy and agencies and departments of the U.S. federal government or passed through directly to the Conservancy through agencies receiving federal funding. The awards are classified into major program categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**2. Summary of Significant Accounting Policies**

For the purpose of the Schedule of Expenditures of Federal Awards, expenditures for federal award programs are recognized on the accrual basis of accounting. Negative amounts on the Schedule of Expenditures of Federal Awards are adjustments to expenditures reported in the prior year.

**3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Consolidated Statement of Activities**

The following schedule is a reconciliation of total expenditures as shown on the Schedule of Expenditures of Federal Awards to the government grants revenue shown on the Consolidated Statement of Activities.

|  |    |                    |
|--|----|--------------------|
| Total per the Schedule of Expenditures of Federal Awards                         | \$ | 69,124,500         |
| Add: State and other government awards   |    | 31,740,197         |
| Federal fixed price awards and non-reportable awards                             |    | 4,303,020          |
| Other  |    | 5,965,373          |
| Subtract: Billed expenditures not received in FY07                               |    | 1,495,514          |
| Grant and contract revenues as shown on the Consolidated Statement of Activities | \$ | <u>109,637,576</u> |

## THE NATURE CONSERVANCY

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## 4. Amounts Awarded to Subrecipients

The 2007 Schedule of Expenditures of Federal Awards includes approximately \$5.7 million of subawards made to organizations assisting in project implementation. Of the federal expenditures presented in the Schedule, The Conservancy provided federal awards to subrecipients as follows:

| <b>Federal Grant Agency</b>             | <b>Amount provided<br/>to subrecipients</b> |
|---|---|
| Environmental Protection Agency         | \$ 67,326                                   |
| US Agency for International Development | 4,300,221                                   |
| US Department of Agriculture            | 312,722                                     |
| US Department of Commerce               | 70,181                                      |
| US Department of Defense                | 272,964                                     |
| US Department of Energy                 | 154,396                                     |
| US Department of Interior               | 510,060                                     |
|   | <b>\$ 5,687,870</b>                         |

**SCHEDULES OF INDIRECT COST RATE COMPUTATIONS**

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**The Nature Conservancy****Schedule of indirect cost rate calculation  
For the year ended June 30, 2007**

| Indirect costs  | Per General<br>Ledger | Unallowable Costs    | Allowable<br>Indirect costs |
|---|-----------------------|----------------------|-----------------------------|
| Salaries  | \$ 40,062,616         | \$ -                 | \$ 40,062,616               |
| Fringe Benefits   | 16,814,228            | -                    | 16,814,228                  |
| Fees and Charges  | 12,043,510            | -                    | 12,043,510                  |
| Supplies and Communications   | 5,391,772             | -                    | 5,391,772                   |
| Travel  | 3,496,903             | -                    | 3,496,903                   |
| Occupancy   | 9,674,969             | -                    | 9,674,969                   |
| Equipment   | 994,074               | -                    | 994,074                     |
| Unallowable and exclusions  | 10,716,658            | 10,716,658           | -                           |
|   | <u>\$ 99,194,731</u>  | <u>\$ 10,716,658</u> | <u>\$ 88,478,073</u>        |
|   |                       |                      |                             |
| Total operating and land fund expenses<br>per trial balance           |                       |                      | \$ 795,943,489              |
| Less:   |                       |                      |                             |
| Exclusions  |                       |                      | 316,715,581                 |
| Total indirect costs  |                       |                      | <u>99,194,731</u>           |
| Distribution base (direct costs)                                      |                       |                      | <u>\$ 380,033,177</u>       |
|   |                       |                      |                             |
| Indirect cost rate<br>(Allowable indirect costs/distribution<br>base) |                       |                      | <u>23.3%</u>                |

## The Nature Conservancy

Schedule of fringe benefit rate calculation  
For the year ended June 30, 2007

| Fringe benefit account  | Fringe benefit<br>expense - regular<br>employees | Fringe benefit<br>expense - short-<br>term employees | Fringe benefit<br>expense - foreign<br>employees | Total                 |
|---|--|--|--|-----------------------|
| ACCRUED VACATION  | \$ 10,514,001                                    | \$ -   | \$ -   | \$ 10,514,001         |
| SICK LEAVE EXPENSE  | 3,446,262  | 19,481   | -  | 3,465,744             |
| HOLIDAY & ADMINISTRATIVE LEAVE<br>EXPENSE                             | 6,200,778  | 35,052   | -  | 6,235,831             |
| MILITARY LEAVE  | 0  | -  | -  | 0                     |
| MEDICAL INSURANCE CLAIMS, FEES AND<br>PREMIUMS                        | 12,694,774                                       | -  | -  | 12,694,774            |
| LIFE INSURANCE  | 498,963  | -  | -  | 498,963               |
| ACCIDENTAL DEATH AND<br>DISMEMBERMENT                                 | 81,376   | -  | -  | 81,376                |
| DISABILITY INSURANCE  | 518,048  | -  | -  | 518,048               |
| WORKERS' COMPENSATION   | 1,189,728  | 27,366   | -  | 1,217,094             |
| FICA  | 11,834,470                                       | 272,212  | -  | 12,106,682            |
| PENSION 401(K)  | 9,519,376  | 54,021   | -  | 9,573,397             |
| STATE UNEMPLOYMENT TAXES  | 392,968  | 9,066  | -  | 402,034               |
| INTERNATIONAL BENEFITS  | 718,386  | -  | -  | 718,386               |
| FOREIGN MEDICAL BENEFITS  | 0  | -  | 1,029,294  | 1,029,294             |
| FOREIGN OTHER SOCIAL AND WELFARE<br>TAXES                             | 0  | -  | 201,841  | 201,841               |
| FOREIGN ALICO 401I PLAN   | 0  | -  | 770,521  | 770,521               |
| EMPLOYEE RELOCATION   | 2,172,594  | -  | -  | 2,172,594             |
| PROFESSIONAL FEES   | 1,227,312  | -  | -  | 1,227,312             |
| <b>TOTAL FRINGE BENEFIT EXPENSE</b>                                   | <b>\$ 61,009,038</b>                             | <b>\$ 417,199</b>                                    | <b>\$ 2,001,656</b>                              | <b>\$ 63,427,892</b>  |
| <b>TOTAL SALARIES EXPENSE</b>   | <b>\$ 146,097,624</b>                            | <b>\$ 3,360,484</b>                                  | <b>\$ 13,957,144</b>                             | <b>\$ 163,415,253</b> |
| <b>FRINGE BENEFIT EXPENSE AS A<br/>PERCENTAGE OF SALARIES EXPENSE</b> | <b>41.8%</b>                                     | <b>12.4%</b>   | <b>14.3%</b>                                     | <b>38.8%</b>          |

**THE NATURE CONSERVANCY****NOTES TO THE SCHEDULES OF INDIRECT COST RATE COMPUTATIONS**

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**1. Exclusions in indirect cost rate calculation**

Certain items are excluded from the computation of the total direct cost base because their inclusion distorts the assessment of indirect costs. Exclusions include external transfers of land and the value of land sold or donated to government agencies and other conservation organizations. Equipment costs valued between \$5,000 and \$50,000 are included in the base limited to the first year of capitalization.

**REPORTS UNDER OMB CIRCULAR A-133**

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PricewaterhouseCoopers LLP  
 1800 Tysons Boulevard  
 McLean, VA 22102-4261  
 Telephone (703) 918 3000  
 Facsimile (703) 918 3100

**Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To The Board of Governors of  
 The Nature Conservancy

We have audited the financial statements of The Nature Conservancy (the Conservancy) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Conservancy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Conservancy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses (Finding 07-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Conservancy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Conservancy in a separate letter dated November 16, 2007.

This report is intended solely for the information and use of the Board of Governors, the Conservancy's audit committee, management, pass-through agencies, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers" followed by a stylized mark.

November 16, 2007



PricewaterhouseCoopers LLP  
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 McLean, VA 22102-4261  
 Telephone (703) 918 3000  
 Facsimile (703) 918 3100

**Report of Independent Auditors on Compliance with Requirements  
 Applicable to Each Major Program and on Internal Control Over Compliance  
 in Accordance with OMB Circular A-133**

To the Board of Governors of  
 The Nature Conservancy

Compliance

We have audited the compliance of The Nature Conservancy (the Conservancy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Conservancy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Conservancy's management. Our responsibility is to express an opinion on the Conservancy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Conservancy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Conservancy's compliance with those requirements.

In our opinion, the Conservancy complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Conservancy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Conservancy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly we do not express an opinion on the effectiveness of the Conservancy's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Governors, the Conservancy's audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Brian W. Cooper" followed by a stylized flourish.

November 16, 2007

**INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**THE NATURE CONSERVANCY**  
**INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS**  
**AND QUESTIONED COSTS**  
**for the year ended June 30, 2007**

**Section I – Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

|   |  |  |
|---|--|--|
| • Material weakness(es) identified?   | <input type="checkbox"/> yes   | <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | <input checked="" type="checkbox"/> yes - Refer to Section II for details of significant deficiency identified | <input type="checkbox"/> none reported |
| Noncompliance material to financial statements noted?                                       | <input type="checkbox"/> yes   | <input checked="" type="checkbox"/> no |

*Federal Awards*

Internal control over major programs:

|   |                              |   |
|---|------------------------------|---|
| • Material weakness(es) identified?   | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |

Type of auditor's report issued on compliance for major programs: Unqualified

|  |                              |  |
|--|------------------------------|--|
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
|--|------------------------------|--|

| Identification of major programs:<br>Agreement ID Number(s) | Name of Federal Program or Cluster  |
|---|---|
| 65-4209-5-0003A, 65-4209-5-0001                             | US Department of Agriculture, Natural Resources Conservation Service<br>- Farm and Ranch Lands Protection Program                                 |
| 68-0436-6-136   | - Williamson River Delta Restoration Project  |
| NA05NOS4631118  | US Department of Commerce, National Oceanic and Atmospheric Administration<br>-Great Bay Resource Protection Partnership Land Acquisition Program |
| 33214   | US Department of Energy, Bonneville Power Administration<br>-Upland Prairie / Oak Acquisition (Coburg Ridge)                                      |
| DAMD-17-95-2-5035   | US Department of Defense<br>-Conservation and Recovery of the Red-  |

**THE NATURE CONSERVANCY**  
**INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS**  
**AND QUESTIONED COSTS**  
**for the year ended June 30, 2007**

|   |   |       |    |
|---|---|-------|----|
| 06FG204103<br><br><br>98210-4-G823<br><br>Dollar threshold used to distinguish between<br>type A and type B programs: | Cockaded Woodpecker in the Sandhills<br>Region<br><br>US Department of Interior, Bureau of<br>Reclamation<br>-Desert Terminal Lakes - Lower Truckee<br>River Restoration Program<br><br>US Department of Interior, US Fish and<br>Wildlife Service<br>-North Carolina Onslow Bight Partnership<br><br>\$2,073,735 |       |    |
| Auditee qualified as low-risk auditee?  | <table border="1"> <tr> <td>X yes</td><td>no</td></tr> </table>   | X yes | no |
| X yes   | no  |       |    |

**Section II – Financial Statement Findings**

**07-01 Consider control enhancements to Team Approach FMS and Oracle Financials**

While the Conservancy has made progress in improving controls over changes to programs and databases in the systems listed above, we recommend further improvements be considered as follows:

- Developer access to programs and databases in FMS and Financials production environments should be limited or eliminated. This will further reduce the risk of unauthorized modifications to programs or data in these key financial systems.
- Programs should be implemented to log activity related to program or database modification and monitored regularly to ensure that there have not been unauthorized changes made to programs or data.

We believe implementation of these enhancements will reduce the risk of unauthorized modifications.

**Management Action Plan (Responsible Department: WO TIS)**

Developer access to programs and databases in Oracle Financials will be removed by the end of November 2007. We continue to evaluate the feasibility of removing developer access to FMS programs and databases given the need for frequent patches, fixes and programming. If we determine that we cannot accomplish this without considerable cost and/or disruption, we will use the detective controls through Oracle logging to monitor and review these accounts until a third party monitoring tool can be implemented.

We are currently evaluating whether our current tools will allow us to perform efficient monitoring. This research will be complete by 12/31/07. If current tools prove insufficient, we will evaluate third party Oracle auditing tools, with a likely FY09 implementation date.

**THE NATURE CONSERVANCY**  
**INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS**  
**AND QUESTIONED COSTS**  
**for the year ended June 30, 2007**

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**INDEPENDENT AUDITOR'S SUMMARY SCHEDULE OF PRIOR  
AUDIT FINDINGS**

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**THE NATURE CONSERVANCY**  
**INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS**  
**AND QUESTIONED COSTS**  
**for the year ended June 30, 2007**

There were no findings in the 2006 audit.

**IN SUPPORT OF U.S. ASSISTANCE TO AZERBAIJAN**  
**Javid Huseynov, President**  
**Azerbaijani-American Council (AAC)**  
**as submitted to the House Appropriations Subcommittee on Foreign Operations**  
**March 18, 2008**

Madam Chairwoman and Members of the Subcommittee,

The Azerbaijani-American Council (AAC) supports the Administration's FY 2009 request for Azerbaijan and is thankful for the opportunity to submit a testimony in this regard. If fully funded, in FY 2009 Azerbaijan would receive \$19.5 in Economic Support Fund (ESF), \$3 million in Foreign Military Financing (FMF), and \$900,000 in International Military Education and Training (IMET). While these amounts do not reflect the high level of strategic partnership which two countries enjoy, and are lower than 2008 requests, AAC is cognizant of the demands on the U.S. foreign aid budget.

I am the president of AAC, a non-profit organization established in 2006 with the purpose of promoting education and scholarship about Azerbaijani identity, history and culture; advocating the interests of Azerbaijani-Americans and facilitating their active integration into U.S. public life. In past, AAC has successfully organized 1st and 2nd Azerbaijani-American Scholarly Forums at the University of California Los Angeles (2006) and the University of California Berkeley (2007), bringing together prominent academics, scholars and students for discussions and presentations on Azerbaijan-related subjects. With main operations in California and Texas, AAC is dedicated to strengthening ties between the United States and the Republic of Azerbaijan by highlighting the similarities between the two countries, which share common values and interests. The organization works closely with other community organizations in the U.S. to promote long-term peace, friendship and cooperation in the regions of Caucasus, Black Sea, Central Asia and Middle East.

**The Situation in Azerbaijan**

The Republic of Azerbaijan comprises the northern part of the ethno-historical region of Azerbaijan divided between Russian and Persian empires in 1828. Upon the demise of Russian Empire in 1918, northern Azerbaijan became an independent parliamentary republic, the first secular and democratic state in the Muslim world. In 1919, ahead of the United States, the parliament of Azerbaijan adopted a law granting universal suffrage rights to women. Russian Bolsheviks conquered Azerbaijan in 1920, turning it into one of that 15 constituent states of the USSR.

Azerbaijan regained its independence upon the break up of Soviet Union in 1991. Faced with economic turmoil and political instability of the early post-Soviet period, located in a volatile region sandwiched between Russia and Iran, Azerbaijan again strived to build secular democratic institutions and took a confident step towards pro-Western orientation. Despite its geographic location, modern Republic of Azerbaijan is the only secular Muslim-populated country, apart from Turkey, which is a close strategic partner and a friend of Israel.

Since its establishment Azerbaijan has been striving to develop democratic institutions and society based on respect for civil rights and liberties; protection of ethnic, linguistic, religious and cultural

diversity of its citizens; secular governance and division of powers; and the rule of law. Similar to the United States, the Constitution of Azerbaijan provides for the executive power held by the President, the legislative power held by the Parliament (Milli Majlis), and the judicial power held by the independent courts.

The Constitutional Court is the highest court in Azerbaijan. It is comprised of nine judges nominated by the President, and approved by the Parliament. Additionally, Azerbaijani citizens have the right of appealing decisions of Azerbaijani courts in the European Court of Human Rights (ECHR).

The President is assisted by the Prime Minister and the Cabinet of Ministers. The President is elected for five year terms, and is eligible for only two terms. As in the United States, Azerbaijan has a civilian President and Supreme Commander of the armed forces.

### **Foreign Policy**

After the restoration of its independence in 1991, Azerbaijan has taken a pro-Western orientation with the aim of embracing market economy, secular government and democratic values. Azerbaijan has pioneered the opening of the Caspian Sea energy resources for Western oil companies.

Despite all economic and political risks in mid 1990s, international pressure, occupation of its lands, and internal economic difficulties, Azerbaijan played a fundamental role in providing a new transportation corridor for Western markets to access Caspian and Central Asian resources. Going around Russia, these corridors not only improved European and Western energy security, but also enabled Azerbaijan and pro-Western democratic Georgia to further their independence and Euro-Atlantic integration.

Together with Georgia, Ukraine, and Moldova, Azerbaijan established GUAM, a Western-leaning framework to develop democratic institutions, fighting common threats to the regional security including terrorism, armed separatism, organized crime and drug trafficking. The entity is now officially titled as GUAM – Organization for Democracy and Economic Development, and participates in regular consultations with the U.S. Government.

In 1994 Azerbaijan joined NATO's Partnership for Peace Program and thus initiated the process of integration into Euro-Atlantic security structures. Since 2001, Azerbaijan is a member of the Council of Europe (CoE), and actively participates in the process of building democratic institutions in line with its commitments to CoE.

After the tragic attack on the United States on September 11, then-Azerbaijani President Heydar Aliyev offered unequivocal support for fighting terrorism, including air space and use of Azerbaijani airports for Operation Enduring Freedom in Afghanistan. In addition to being the first majority Muslim country to send troops to Iraq, Azerbaijan also recently doubled the number of troops in Afghanistan. Their excellent service led 1<sup>st</sup> Lt. Glenn Page of the 3<sup>rd</sup> Armored Cavalry Regiment in Iraq to remark "I have been working with the Azerbaijani soldiers for six months and they have been

a fantastic asset for us...We haven't had a single negative incident at the Haditha Dam on their watch."

In addition the government swiftly froze all suspected terrorist bank accounts of individuals and entities listed by the 1267 UNSC Committee's consolidated list of terrorist groups and organizations. The National Bank and Ministry of Justice discovered and froze accounts belonging to "Benevolence International Foundation" and "Global Relief Foundation," two "charities" supporting terrorism.

#### **Section 907 and the Armenia-Azerbaijan Conflict**

In 1992, before Azerbaijan had an embassy in Washington, DC, Congress adopted Section 907 of the FREEDOM Support Act which prohibits direct assistance to the Republic of Azerbaijan unless the President of the United States certifies to Congress that Azerbaijan is "taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh." This was during the time when actually Armenian troops were occupying the territory of Nagorno-Karabakh and 7 surrounding regions of Azerbaijan, ethnically cleansing over 800,000 of Azeri population, creating a no man's land.

Once adopted, consecutive U.S. Administrations, both Republican and Democratic opposed the measure which unfairly targets the victim, Azerbaijan, and which was adopted under the influence of special interest groups and counter to the regional interests of the United States. These groups continued to further prevent lifting Section 907 despite several congressional attempts either to provide waiver authority or to fully repeal it. Armenian Americans, who are a much larger group than Azerbaijani Americans, opposed the lifting of the provision.

Because Section 907 constrained Azerbaijan from assisting the United States, it was only after Congress provided waiver authority to the President following September 11, 2002 that President Bush exercised the authority so that the two countries can cooperate to further mutual interests. We support full repeal of Section 907 which unjustly punishes the victim of aggression, whose internationally recognized territory is currently occupied and whose citizens cannot return to their homes because of it.

The Armenia-Azerbaijan conflict flared up when in 1988, the Armenian population of the Nagorno-Karabakh autonomous region of Azerbaijan began agitating for independence or union with Armenia. The conflict escalated to a full fledged military action in 1991 - 1994. Armenian forces, with the assistance of over \$1 billion in illegal arms transfers from Russia ultimately occupied not only Nagorno Karabakh, but also seven additional regions of Azerbaijan, forcing out all Azerbaijani population in the region and creating close to 1 million refugees and internally displaced persons (IDP). The use of brutality by occupying Armenian forces was particularly evident during the occupation of Khojaly in February 1992, which resulted in Khojaly Massacre of over 613 civilians including 63 children and 106 women.

A cease-fire has been in place since 1994, and Nagorno Karabakh is recognized by the United States, the United Nations, and other international organizations as an indigenous part of Azerbaijan. Only Armenia has failed to recognize Azerbaijan's territorial integrity, chooses to ignore the four UN

Security Council resolutions (822, 853, 874, 884) adopted in 1993 demanding the complete, unconditional and immediate withdrawal of Armenian forces from the occupied Azerbaijani territories. Armenia also ignores numerous resolutions passed at the UN General Assembly calling for immediate withdrawal of its forces from occupied territory. In fact, one such resolution was passed as recently as March 14th, 2008, when in his speech Armenia's UN representative called the international document as "useless piece of paper". All of this indicative of Armenia's blatant disrespect of international law.

Other international organizations such as NATO, OSCE, PACE have also called for Armenia to respect Azerbaijan's territorial integrity, but to no avail. The negotiating process known as the OSCE Minsk Group, which the U.S. is also a co-Chair, has to date not resulted in a peaceful settlement. We are concerned with the violation of the cease-fire regime on March 4, 2008 by the Armenian troops resulted in military and civilian casualties on both sides.

This violation of ceasefire by Armenian troops intended to distract public and international attention from the violent aftermath of the elections in Armenia, where the opposition reported gross violations. Peaceful protesters took down to streets in Armenian capital Yerevan for 11 days until, on March 1-2, 2008, they were brutally dispersed by army and police troops in a crackdown which, according to Radio Free Europe/Radio Liberty and BBC, resulted in 9 deaths and hundreds of injuries just 2 days before the ceasefire violation.

James Glassman, the chairman of the U.S. Broadcasters Board of Governors which supervises U.S. government-funded broadcasters including the Voice of America and Radio Free Europe/Radio Liberty, said the measures forced VOA television and RFE/RL radio programs off the air on local affiliates in Armenia. Mr. Glassman also noted that Armenian authorities placed restrictions on the Internet, and said censorship and free media ban are contradictory to democratic principles.

**It is important that the committee, while providing assistance to the region, recalls the fact that the international community, United Nations and the U.S. State Department recognize Nagorno Karabakh as a part of Azerbaijan, and refers to it as Nagorno-Karabakh region of Azerbaijan. In addition, as such humanitarian assistance is aimed at the population of the region, it should also include region's Azerbaijani residents who have been driven out of their homes.**

Madam Chairwoman and Members of the Committee, Thank you for the opportunity to provide testimony on these issues.

**JAVID HUSEYNOV**  
Azerbaijani-American Council (AAC)  
2021 Business Center Dr., Suite 215  
Irvine, CA 92612

Phone: +1 949 275-7717  
Email: javid@azeris.com

#### **Grassroots background**

Javid Huseynov is a president and board member of Azerbaijani-American Council (AAC), a non-profit community organization based in California and Texas.

Prior to AAC, Mr. Huseynov was deeply involved in the development of Azerbaijani online communities. In 1995, as a computer professional, he started one of the first Azerbaijani Internet pages, and became one of the few pioneers of Azerbaijani online activism in the U.S. Since 1996, Mr. Huseynov co-managed Habarlar-L and E-Majlis-L Azerbaijani newsgroups based at the University of Southern California. He also participated in a number of other Azerbaijani online grassroots initiatives, such as recently established U.S. Azeris Network (USAN).

In his capacity as a community activist, Mr. Huseynov is an author of a number of publications in Azerbaijani and U.S. media. His recent article on *"The Role of Online Communities in the Development and Formulation of Azerbaijani National Identity"* was accepted for presentation at the annual convention of the Association for Study of Nationalities (ASN) to be held in April 2008 at Columbia University, New York.

#### **Professional background**

Javid Huseynov is a senior software engineer and research associate at General Monitors Transnational in Lake Forest, CA, where he started in 2002. He received Masters degrees in Computer Science (1999) and Engineering Management (1998) and Bachelor degree in Civil Engineering (1996) from Rochester Institute of Technology in Rochester, New York. He is currently also a PhD Candidate in Computer Science at the University of California Irvine, with expected dissertation defense in 2008.

In past, Mr. Huseynov worked as a software professional for a number of companies, including Eastman Kodak and Rockwell Semiconductor/Conexant Systems.

Mr. Huseynov has numerous publication in U.S. and international scientific journals on subjects of artificial intelligence and distributed scientific computing. He is the main author of a U.S. patent (7,202,794) in "Flame Detection with Neural Networks".

Mr. Huseynov is a fluent speaker of English, Azeri, Russian, and Turkish, and has basic knowledge of French.

**Testimony on FY 2009 Foreign Assistance by  
The United States Conference of Catholic Bishops and Catholic Relief Services to the  
Subcommittee on State, Foreign Operations, and Related Programs  
House Committee on Appropriations  
March 20, 2008**

The United States Conference of Catholic Bishops (USCCB) and Catholic Relief Services (CRS), the relief and development agency of the U.S. Catholic Bishops, thank the Subcommittee for the opportunity to present testimony on the FY 2009 International Affairs appropriations. During this election year, our nation's global role and commitment to foreign assistance are under intense scrutiny. In this testimony we share the values of the Church's social teaching that underline what we believe to be our nation's moral responsibility to those in need around the world. Our reflections are informed by the daily on-the-ground work of CRS in 99 countries.

**I. Specific Priorities**

Based on our experience, we offer the following guidance on specific priorities:

- \$10 billion for programs under the Tom Lantos and Henry J. Hyde United States Global Leadership against HIV/AIDS, Tuberculosis and Malaria Reauthorization Act of 2008;
- \$2.25 billion for the Millennium Challenge Corporation;
- \$4.7 billion for Development and Humanitarian Assistance;
- \$1.3 billion for Debt Relief through the World Bank's International Development Association;
- \$875 million for UN/Africa Union Hybrid peacekeeping mission to Darfur, Sudan and an increase in funding for the UNMIS mission in Sudan to the FY 08 level of \$241.6 million;
- Full funding for peacekeeping in other volatile countries, i.e. Lebanon, the DRC and Haiti;
- \$295 million for building Palestinian institutions for a future state and addressing urgent humanitarian needs with appropriate accountability that does not hamper or delay the delivery of aid;
- At least \$2.1 billion for reconstruction and long term development needs in Iraq;
- \$915 million for development and humanitarian assistance in Afghanistan (including the FY 08 supplemental) with a priority on long term poverty reduction and monitoring of infrastructure projects to assure they stimulate economic growth and reduce poverty;
- \$345 million as per the President's request for humanitarian and development efforts in Darfur and Southern Sudan;
- \$1.7 billion for Migration and Refugee Assistance (MRA) and replenishment of Emergency Refugee Migration Assistance (ERMA) to its authorized level of \$100 million;
- Preserve the FY 08 changes in the Andean Counter Drug Initiative to Colombia to increase humanitarian and development aid, strengthen human rights, and reduce military aid;
- Ensure that the Merida Initiative to combat lawlessness and drug trafficking in Mexico (\$1.5 billion over 3 years) focuses on human rights, civil society and humanitarian assistance as well as law enforcement activities; and
- Retain the Mexico City policy to prevent subsidizing organizations that perform or promote abortion in developing countries and the Kemp-Kasten provision preventing support of those involved in coercive population programs.

(Additional explanations regarding the above priorities appear in section III below.)

## II. Foreign Assistance: A Moral Imperative

Our acts of solidarity with those in need improve the lives of those at the margins of the global community and help build a more stable and peaceful world. Our nation has the opportunity to use its wealth and resources to uplift human life and dignity around the world, to work for the common good and to foster peace in a troubled world.

In this year's address to the Diplomatic Corps accredited to the Holy See, Pope Benedict XVI focused on the crucial linkage between peace and the development of the human person. "Peace cannot be a mere word or a vague aspiration. Peace is a commitment and a manner of life which demands that the legitimate demands of all should be satisfied.... Pope Paul VI stressed forty years ago in his encyclical *Populorum Progressio* that 'development is the new name for peace'. Hence, in order to consolidate peace, the positive macroeconomic results achieved by developing countries during 2007 must be supported by effective social policies and by the implementation of aid commitments by rich countries."<sup>1</sup>

Achieving authentic human development requires that the basic human needs of all are met; that social, cultural, economic and political rights are protected; and that all people participate in shaping their own future. Development is a right common to all people and corresponds to a duty imposed upon all of us, as peoples and nations. It is the responsibility of those who are stronger and richer to seek out, assist and empower those who are less so.

The teachings of the Church on social development and justice inform the work of two agencies of the United States bishops: Migration and Refugee Services (MRS) and Catholic Relief Services (CRS). MRS works to address the needs of those who flee terror in their homeland and seek international protection and helps settle one-quarter of the refugees who enter our nation each year. CRS works in 99 countries throughout the world, including more than 30 in Africa. CRS provides programs that address HIV/AIDS, health, education, building civil society, food security, agriculture, emergency relief and peace building. With over 60 years of development experience, CRS knows firsthand both the tremendous needs and also the great potential of millions who live in poverty. CRS also knows from experience how effective development programs can bring very real hope for prosperity and peace built on justice.

With a greater awareness that our well-being as Americans is intrinsically linked to the well-being of those who live far from our shores, foreign assistance is increasingly seen as capable of lifting up the weak and empowering people to realize their own dignity and destiny. At the same time, integral human development improves human security and a more peaceful world for all.

## III. Additional Explanation of Specific Priorities

- USCCB and CRS welcome the proposed substantial increase to \$50 billion over five years in the PEPFAR reauthorization now under consideration in Congress. At the same time, we support strong funding for the other core development accounts, including: education, safe water, agriculture, child survival and health that are essential to complement and safeguard the programs in HIV/AIDS.

<sup>1</sup> Address of His Holiness Pope Benedict XVI to the Diplomatic Corps Accredited to the Holy See for the Traditional Exchange of New Year Greetings, January 7, 2008



- We support full funding of the Administration's request of \$2.25 billion for the MCC. Any reduction in funding could undermine the MCC as a vehicle of support for well-governed countries through multi-year funding. Disruptions in this program due to insufficient funding would pose serious setbacks for countries that have worked hard to prepare eligibility, in many cases by enacting difficult policy reforms and building important capacity. At the same time, as promised by the President, the MCC should not be funded at the expense of the large number of non-MCC low income countries with critical needs.
- Congress should allocate at least \$4.7 billion, or \$1 billion over the President's request, to the Development and Humanitarian Assistance accounts. This funding would provide skills and basic services in the areas of education, health care, agriculture, rural development, micro-enterprise and emergency assistance to the poor, especially vulnerable women and children.
- The North-South CPA in Sudan is at a crucial period in its implementation and needs continued robust support as does the humanitarian crisis in Darfur. The ongoing conflict in Darfur is doubly important as it is linked to civil conflict in Chad that has created thousands of refugees and displaced. In southern Sudan, we strongly support continued funding for the United Nations Mission in Sudan (UNMIS) as a necessary element of support for the Comprehensive Peace Agreement.
- Funding for economic and social development in post-conflict countries transitioning towards better governance should be a priority, including: Lebanon, Haiti, Liberia, the Democratic Republic of Congo (DRC) and Sierra Leone. Substantial portions of the funding should be channeled through proven local and national partners working in collaboration with American humanitarian Private Voluntary Organizations (PVOs) like Catholic Relief Services.
- This recommended MRA level would permit the resettlement of 100,000 refugees in FY 2009 and 5,000 Iraqi refugees under Special Immigrant Visas. It also would help meet overseas assistance needs and avert critical shortfalls in food, medicine, and other vital supplies in Africa and elsewhere. A replenished ERMA account would allow the U.S. to respond to the emergency needs of refugees from Iraqi and other trouble spots around the world.
- We reiterate our strong support for retaining the Mexico City policy, which prevents our foreign aid program from being misused to subsidize organizations that perform or promote abortions in developing nations. The Kemp-Kasten provision, preventing the support of organizations involved in coercive population programs, should also be retained. Under this provision, funding is denied to any organization determined by the President to be supporting or participating in the management of a program of coercive abortion or involuntary sterilization. To ensure that the President is free to make this determination the subcommittee should not earmark funds to the United Nations Population Fund (UNFPA), whose support for the coercive program in the People's Republic of China rendered it ineligible for U.S. funds in recent years.

#### **IV. Foreign Aid Reform and Concentration of Bilateral Assistance in Too Few Countries**

In the past few years USCCB and CRS have highlighted the importance of the effectiveness of foreign aid in reducing poverty with the subcommittee. We support foreign assistance that is aligned with country needs based on the principle of country ownership, involving a collaborative partnership between host country government, U.S. development field staff and

civil society to promote sustainable development that moves countries towards self-sufficiency. We welcome the Administration's recent recognition that it was underutilizing country-based development staff. The Committee should monitor developments and ensure that funding allows the hiring of more development professionals by USAID.

The Bishop's Conference commends the House and the Senate for their effort to respond to needs of "the least among us" (Mt. 25) through the introduction of the Global Poverty Act (H.R. 1302 / S. 2433). The Conference has been pleased to support its passage in the House. This legislation would enshrine in law the Millennium Development Goal of reducing extreme poverty by half by 2015. While USCCB and CRS appreciate recent major increases in foreign assistance, particularly as a result of investments in PEPFAR and the MCC, overall U.S. foreign assistance still has a long way to go to fulfill the U.S. commitment to move towards the international goal of foreign assistance being 0.7% of GDP.

The Global Poverty Act would also commit our nation to a comprehensive approach to reducing global poverty that involves aid, trade and debt relief. Among other steps, this comprehensive approach may require substantial reform of the Foreign Assistance Act of 1961.

We note that over the last few years, 40% to 50% of bilateral aid is concentrated in 6 countries largely in connection with the "War on Terror" or the "War on Drugs." Only two of the six, Afghanistan and Pakistan, are classified by the World Bank as low income. While this concentration of aid may respond to important national security interests of the United States, in the long run it will neither respond adequately to the needs of the poor nor enhance the security of our nation and the stability of our world. USCCB and CRS believe that this concentration of resources leaves too little for poor countries, especially weak and fragile states. It is unacceptable that those countries in greatest need will fail to receive adequate U.S. assistance because their situation may be of little current strategic interest to the security of the United States. We believe that a greater share of foreign assistance should be allocated to assist the very poor in the more than 150 other developing countries. This caution applies particularly to the continent of Africa. Africa is a continent in crisis, but also one of enormous opportunity, and needs this increased level of U.S. aid.

#### **V. The Important Role for Foreign and U.S. Civil Society**

USCCB and CRS reiterate our concern over the absence of a clear role for civil society particularly in representing the poor in countries where governments lack capacity and have uneven records on governance and human rights. The U.S. Government should work in partnership with American PVOs that have demonstrated the ability and capacity to work with national civil society organizations and local Non-Governmental Organizations (NGOs) in foreign countries. In these countries civil society and local NGOs need help from the U.S. to strengthen their capacity to protect the interests and the rights of poor persons and to promote integral human development. While the host government has a central role in designing and implementing a country's development programs, civil society must be able to play its role. The U.S. Government should continue to support the valuable work of local civil society by encouraging recipient countries to involve civil society and NGOs in the development of national poverty reduction strategies.

| Catholic Relief Services  |                      |   |                |            |                 |            |         |
|---|----------------------|---|----------------|------------|-----------------|------------|---------|
| Grant Agreements Received between September 27, 2007 and March 17, 2008 |                      |   |                |            |                 |            |         |
| Fund #  | Country              | Award #                                 | Donor          | Begin Date | Expiration Date | Award \$   | Status  |
| 5666  | YUGOSLAVIA           | SPRMC007CA157                           | STATE          | 9/15/07    | 9/14/08         | 1,011,330  | OPEN    |
| 5667  | RWANDA               | Sub-Award, CIAT                         | OTHER          | 6/1/07     | 11/30/07        | 19,000     | EXPIRED |
| 5668  | YUGOSLAVIA           | S-SR100-07-GR-189                       | USSD/OPA US En | 9/1/07     | 12/31/07        | 12,000     | CLOSED  |
| 5669  | LESOTHO              | DFD-G-00-07-00210-00                    | OFDA           | 9/25/07    | 9/24/08         | 399,185    | OPEN    |
| 5671  | MALI                 | FFE-688-2007/024-00                     | USDA           | 9/18/07    |                 | 7,726,170  | OPEN    |
| 5672  | AFGHANISTAN          | SPRMC007CA121                           | STATE          | 9/15/07    | 9/14/08         | 587,327    | OPEN    |
| 5673  | HQ South Asia System | S-GTIP-07-GR-017                        | STATE          | 9/30/07    | 10/1/09         | 299,100    | OPEN    |
| 5674  | SYRIA                | SPRMC007CA162                           | STATE          | 9/24/07    | 9/23/08         | 789,827    | OPEN    |
| 5675  | ERITREA              | DFD-G-00-07-00214-00                    | OFDA           | 9/20/07    | 8/20/08         | 686,337    | OPEN    |
| 5676  | MALAWI               | DFD-G-00-07-00211-00                    | OFDA           | 9/26/07    | 3/31/09         | 400,000    | OPEN    |
| 5677  | NICARAGUA            | 524-A-00-07-00015-00                    | USAID/M        | 9/13/07    | 3/12/10         | 3,000,000  | OPEN    |
| 5678  | MALI                 | 688-G-00-08-00001-00                    | USAID/M        | 10/6/07    | 12/5/07         | 50,000     | EXPIRED |
| 5679  | SENEGAL              | Sub-Award, CCF #1-055                   | SUB            | 7/1/07     | 6/30/10         | 88,714     | OPEN    |
| 5681  | MADAGASCAR           | DFD-G-00-07-00215-00                    | OFDA           | 9/20/07    | 9/19/09         | 400,000    | OPEN    |
| 5682  | DOM. REPUBLIC        | 517-G-00-08-00101-00                    | USAID/M        | 11/1/07    | 2/1/08          | 50,000     | EXPIRED |
| 5683  | HONDURAS             | S-H0800-08-GR-003                       | USEMB          | 11/5/07    | 5/4/09          | 80,000     | OPEN    |
| 5684  | AFGHANISTAN          | Subagreement, Purdue Univ. #100589-03   | OTHER          | 11/1/07    | 10/30/09        | 214,543    | OPEN    |
| 5685  | DOM. REPUBLIC        | 517-G-00-08-00103-00                    | USAID/M        | 11/13/07   | 8/13/08         | 215,937    | OPEN    |
| 5686  | GHANA                | 641-G-00-07-00029-00                    | USAID/M        | 9/20/07    | 12/20/07        | 50,000     | EXPIRED |
| 5687  | UGANDA               | Sub-Award, PACT #M0-048                 | USAID/PACT     | 9/1/07     | 3/15/08         | 44,056     | OPEN    |
| 5688  | AFGHANISTAN          | Pre-Award Authorization                 | USAID/M        | 12/5/07    | 3/5/08          | 233,000    | OPEN    |
| 5689  | MADAGASCAR           | 687-A-00-08-00004-00                    | USAID/M        | 11/28/07   | 9/30/09         | 200,000    | OPEN    |
| 5691  | LEBANON              | Sub-Award, Chemonics #CHEMLEB0001       | OTHER          | 12/17/07   | 6/16/08         | 244,907    | OPEN    |
| 5692  | NICARAGUA            | FFP-A-00-08-00001-00                    | FFP            | 10/1/07    | 9/30/08         | 1,103,000  | OPEN    |
| 5693  | RWANDA               | Sub-Award, SEEP 107-200908-HA-356900111 | USAID/SEEP     | 1/7/08     | 8/30/09         | 17,600     | OPEN    |
| 5694  | AFGHANISTAN          | Sub-contract, ARD/LGCD 039-GH017        | USAID/ARD/LGC  | 12/1/07    | 1/31/08         | 21,075     | EXPIRED |
| 5695  | NICARAGUA            | DFD-G-00-08-00023-00                    | OFDA           | 11/13/07   | 5/12/08         | 311,854    | OPEN    |
| 5696  | HQ South Asia System | DFD-G-00-08-00044-00                    | OFDA           | 1/1/08     | 9/30/08         | 352,038    | OPEN    |
| 5697  | AFGHANISTAN          | Sub-Award 08-01-01 UNSOLICITED          | USAID/LGCD     | 1/30/08    | 2/8/08          | 50,002     | EXPIRED |
| 5698  | SUDAN                | Sub-Award 08-06970-SUD.0-646            | USAID/NDI      | 12/1/07    | 12/31/08        | 1,098,865  | OPEN    |
| 5699  | DOM. REPUBLIC        | Sub-contract EDUCA                      | LABOR/EDUCA    | 12/14/07   | 12/30/10        | 195,435    | OPEN    |
| 5701  | KENYA                | DFD-A-00-08-00055-00                    | OFDA           | 1/15/08    | 10/14/08        | 2,815,081  | OPEN    |
| 5702  | LEBANON              | S-LWAQM-08-GR-510                       | STATE          | 2/14/08    | 2/14/10         | 825,000    | OPEN    |
| 5703  | LEBANON              | Sub-Award 08-07260-LEB.0-661            | STATE/NDI      | 1/15/08    | 10/15/08        | 118,070    | OPEN    |
| 5704  | LESOTHO              | Sub-Grant CRS FFP-A-00-07-00063-01      | FFP/WV         | 10/1/07    | 6/30/08         | 725,218    | OPEN    |
| 5705  | ANGOLA               | Sub-Grant GHN-A-00-07-00014-04          | USAID/WV       | 12/1/07    | 8/30/12         | 63,640     | OPEN    |
| 5706  | HAITI                | FFP-A-00-08-00023-00                    | FFP            | 2/12/08    | 2/11/12         | 994,870    | OPEN    |
| 7751  | HAITI                | FFP-A-00-08-00023-00                    | FFP            | 2/12/08    | 2/11/12         | 13,220,200 | OPEN    |
| Total   |                      |   |                |            |                 | 38,713,381 |         |

# PROJECTED 2008 GRANT REVENUES

18-Mar-08

| Grant                                      | Total Grant Amount |
|--|--------------------|
|  | 2008               |
| Cuban/Haitian Prim-Sec                     | \$5,845,456        |
| Match Grant                                | \$18,268,800       |
| Reception and Placement                    | \$19,509,843       |
| Safe Passage I                             | \$7,655,200        |
| Safe Passage II                            | Program ended      |
| Servs to Newly Arrived Refs - PC           | \$835,718          |
| TA/Prog. Area 5 (BRYCS & Trafficked Child) | \$300,000          |
| Trafficking Contract (HHS)                 | \$2,467,000        |
| Robert Wood Johnson Foundation             | \$298,335          |
|  |                    |
| TOTAL                                      | \$55,180,352       |

# 2007 GRANT REVENUES

Updated 10-25-07

| Grant                                      | Total Grant Amount<br>2007 |
|--|----------------------------|
| Cuban/Haitian Prim-Sec                     | \$5,876,814                |
| Match Grant                                | \$16,981,800               |
| Reception and Placement                    | \$14,695,319               |
| Refugee Families Strengthening (USCCB/MRS) | Program ended              |
| Safe Passage I                             | \$5,300,000                |
| Safe Passage II                            | \$1,303,830                |
| Servs to Newly Arrived Refs - PC           | \$1,393,779                |
| TA/Prog. Area 5 (BRYCS & Trafficked Child) | \$300,000                  |
| Trafficking Contract (HHS)                 | \$3,436,623                |
| Trafficking (DOJ)                          | \$590,000                  |
|  |                            |
| TOTAL                                      | \$49,878,165               |

**AZERBAIJAN AND ARMENIA**

**STATUS AND RECOMMENDATIONS**

**Testimony for the Record**

**Subcommittee on State, Foreign Operations and Related Programs**  
**Committee on Appropriations**  
**US House of Representatives**

**Presented By:**

**Dr. L. R. Lawrence, Jr.**  
**President**  
**Bob Lawrence & Associates, Inc**  
**Alexandria, VA 22314**

**Washington, DC**  
**March 20, 2008**

**Azerbaijan and Armenia:**  
**Status and Recommendations**

**Presented By:**

**Dr. L. R. Lawrence, Jr.**  
**Bob Lawrence & Associates, Inc.**  
**March 20, 2008**

Madame Chairman and Members of the Subcommittee: My name is Bob Lawrence, and I am President of Bob Lawrence & Associates, Inc., a consulting firm of 30 persons (including part time employees), headquartered in Alexandria, Virginia. It is my pleasure, today, to represent Renaissance Associates, headquartered in Azerbaijan's capital city of Baku. Renaissance Associates consists of a group of private sector businessmen and educators, committed to fostering democracy in their country as well as defending the interests of their country abroad. Regarding the various appropriations line items of military, humanitarian, and economic assistance to Azerbaijan, we support the President's budget. We are not suggesting or asking for any more.

As you are aware, Azerbaijan and Armenia have a history which has seldom been friendly, although there have been historic periods where they have had good relationships. Sadly, today is not a good time, due to the problems surrounding an Armenian attack into the Azerbaijan province of Nagorno-Karabakh and the seven provinces surrounding it. Since the time of Christ, the province of Nagorno-Karabakh has been combined with Azerbaijan as an integral province or, most recently, an "Autonomous Oblast." During the past 200 years, the population of Nagorno-Karabakh has consisted of both Armenians and Azeris. In general, the two ethnic populations lived peacefully together and regularly intermarried. However, occasional clashes did occur, and in 1988, the intensity of these clashes began to increase.

In 1991, backed by Russian military power, Armenia started an undeclared war against Azerbaijan, creating a brutal and tumultuous period after the declaration of independence. At that period of time, there was a Russian Regiment, the infamous 366<sup>th</sup> Regiment, which was stationed in Nagorno-Karabakh. The regiment became "out of control" of both the USSR and Azerbaijan and lost all discipline. When the Soviet Union disintegrated, in 1991, this regiment became the source of heavy weaponry and mercenaries for Armenian aggressors and marauders, who moved to occupy Nagorno-Karabakh and surrounding Azerbaijani provinces through ethnic cleansing, brutality, and routinely extreme atrocities and depravity, committed upon the unarmed Azerbaijani population. In the process, the Armenians killed a documented 30,000 Azeris and created a refugee population in Azerbaijan (Internally Displaced Persons) of nearly 1,000,000 people (over 900,000 interviewed and documented).

Today, the Armenians occupy a total of eight provinces of Azerbaijan. It is hoped that the present, intense, discussions and negotiations concerning this situation can be resolved in a

fair and satisfactory manner. Under the auspices of the Minsk Group (a subgroup of OSCE consisting of Russia, France, and the United States), negotiations have been conducted between President Aliyev of Azerbaijan and President Kocharian of Armenia, with the deep involvement of the Foreign Ministers of each country. Hopefully, these will continue with the new Armenian President, after the present internal turmoil and repression in Armenia have subsided. We strongly encourage all parties to allow these negotiations to proceed without interference, in order to achieve a mutually acceptable solution and resolution of this intense problem.

#### **Azerbaijan Today:**

Madame Chairman, it has been a great personal pleasure for me to watch the continuing progress in Azerbaijan as the country moves forward in the 21st Century with a broadly improving economy and the implementation of more and more democratic reforms. Today, there are over 70, native NGO's, presently working under the private sector umbrella of the Association for Civil Society Development in Azerbaijan. These NGO's range in size from broad working groups to individual University Professors, working in areas of human concern. Subjects the NGO's address range from refugee relocation, environmental improvement, and prisoner family support, up to freedom of media and improvements in human rights.

These private sector NGO's are playing a crucial role in the evolution of increasing human rights and media rights. Over the past year, it is no secret that Azerbaijan has received some criticism for the treatment of critical journalists and the opposition press. Of the 2000 journalists working in Azerbaijan, some 8 or 9 have been beaten or jailed for various reasons. President Ilham Aliyev pardoned most of these. A small group of the private sector NGO's took the unusual step of convening an international conference to address the Media Freedom issue. Over 120 experts and speakers participated from over 30 countries. Speeches ranged from supportive, through critical, and a number of follow-up actions were determined involving training and international studies. A follow-up conference will take place in Baku this April, addressing broader issues of Human Rights.

The economy of Azerbaijan is the fastest growing economy in the world. Recent reports show this growth to be 35% annually. Over the past two years, the average salary in Azerbaijan has doubled. The government of Azerbaijan is to be commended for the broad-ranging investment of its new-found oil wealth. The use of oil revenues is transparently distributed under internationally accepted norms established by the Extractive Industries Transparency Initiative. Azerbaijan has recently received high praise from this group. To help raise the economic state of the average citizen, Azerbaijan is making broad investments in construction, infrastructure upgrading, information technology, agriculture, and communications. International, independent polling has found that the population of Azerbaijan approves of the present government and governmental policies by an overwhelming 77%.

#### **The Situation in Armenia:**

Madame Chairman, we are deeply concerned about the situation in Armenia, today,



across a broad front of issues. First of all, the OSCE has issued statements describing irregularities in the recent voting, although not of enough degree to change the ultimate result. However, approximately 15 thousand Armenians, as reported in the international press, took to the streets for some 20 days in protest. This has been followed by the crushing of dissent, beatings and killings of protesters by Armenian police, the expulsion of foreign journalists, the restriction of news to only government-issued news, and the implementation of martial law. These actions follow a number of disturbing events over the past six months.

Particularly disturbing and alarming, on November 13, 2007, the following press release was published on the national news website of the Government of Iran in Tehran:

## **Iran, Armenia sign defense agreement**

Enl 09 Nov 2007 10:21:49

**Iran's Defense Minister Mostafa Mohammad-Najjar signs a defense cooperation deal with his Armenian counterpart Michael Harutyunyan.**

The agreement was signed on Thursday as the two officials stressed the need to boost bilateral ties.

An emphasis has been put on the exchange of work groups and collaboration on bilateral issues in the agreement.

"Iran's policy is based on the expansion of friendly ties with all nations in the region in all fields," Najjar had told reporters before his meeting with Harutyunyan in Yerevan on Tuesday.

HRF/AA/PA

This announcement follows an interview of Armenian President Robert Kocharian, published in Der Spiegel Magazine on July 10, 2007, in which he expressed "strong opposition to imposing sanctions against Iran." "We are against sanctions because they will not only damage us," he said, relating to the impact on their \$500 Million commercial relationship. "I don't believe that sanctions will offer a way for a solution," he said.

On July 24, 2007, the Armenian News Agency in Yerevan reported on a speech of Iranian Foreign Minister Motteki to the Armenian-Iranian Joint Commission on Economic Relations. In that speech, Motteki reported on the results of recent meetings of the Commission. Among other projects, he stated that Iran is ready to finance the construction of a new uranium enrichment facility in Armenia.

And closer to home, we should all be highly troubled that the Armenian National Committee of America (ANCA) has included in its group for lobbying visits convicted terrorist

Mourad Topalian, the founder and Chairman of the ANCA in the 1990's. In 2001, he was jailed for terrorism. Topalian had stockpiled machine guns and explosives in a storage facility next to an elementary school and across the street from a day care center. The FBI claims that he was (is) suspected of murder, as well. Topalian plea bargained into a six year sentence which began in January 2001 and ended in February 2007. He was incarcerated in a maximum security penitentiary followed by supervised release.

At this point in time, ANCA is lobbying with Topalian, meeting with Members of Congress, introducing Topalian as an "Armenian Activist," and documenting these meetings with press releases. Topalian is called out in the FBI Publication #0308 Entitled Terrorism 2000/2001.

Viewing this series of events, it is not surprising that Azerbaijan feels a need to strengthen its own defenses.

Madame Chairman, regarding the Nagorno-Karabakh situation, it is our contention that the peaceful process of mediation by the Minsk Group is the best route towards normalization of relations between Armenia and Azerbaijan, and the best hope for the lives of the million plus human beings who are caught in this dramatically awful affair. We would strongly hope that this well-meaning, caring, Subcommittee would not, inadvertently, take any action in the appropriations process that might encourage rogue Armenian elements who wish to upset the peace process. In order to avoid such a mishap, we respectfully request that the Subcommittee vet any proposed appropriations actions in the region with the Minsk Group Co-Chairs.

In reviewing the recent record, we note that there are some Members who are supporting the Armenian call for less support and increased sanctions on Azerbaijan. We respectfully submit that such actions would be ill-timed and unfounded. We should be encouraging our ally Azerbaijan, a stance recently recognized by such prominent members as Senator Lugar, for example. He has introduced legislation to repeal the Jackson-Vanik restrictions on trade with Azerbaijan, Kazakhstan, and Moldova, as he has earlier accomplished for Armenia, Georgia, Kyrgyzstan and Ukraine.

We thank you very much for the opportunity to present this testimony at this time.

**Biography**

**Dr. Lloyd R. (Bob) Lawrence, Jr.**  
**President and CEO**  
**Bob Lawrence & Associates, Inc.**

Dr. L. R. (Bob) Lawrence, Jr. is President and CEO of Bob Lawrence & Associates, Inc.(BL&A), a consulting firm based in Alexandria, VA. He has spent his career in high level government positions, as a corporate level executive in a high technology company, and as CEO of BL&A. He has been an expert witness before the United States Congress on various matters for over 25 years.

BL&A carries out a variety of Washington based activities including representation, strategic planning and implementation, embassy liaison, corporate representation, international trade, and government program support. The firm employs 30 people, including part-time employees, and specializes in the fields of Energy, Agriculture, Defense, Infrastructure, International Trade, and the Environment.

Dr. Lawrence began his career with the United States Air Force. In 1974, he was an Air Force Nominee for America's Ten Outstanding Young Men of the Year, based on his work managing Basic Research for the Air Force. By 1975, he was the Air Force Program Manager for Energy Conversion Research within the Air Force Office of Scientific Research. In the summer of 1975, he left the Air Force and was one of the first executives selected to manage the programs of the Energy Research and Development Administration, the precursor to the Department of Energy. In 1977, Dr. Lawrence became the Director, Energy Conservation Research at the Gas Research Institute (GRI), and played a major role in initiating that organization. He headed all End-Use Research and Development with the responsibility for approximately ½ of the total R&D contract dollars of GRI. From 1977 to 1979, as a GRI executive, he represented the Gas Industry's end-use R&D interests in testimony before the United States Congress.

In 1979, Dr. Lawrence became Director, Technical Development for Mechanical Technology Incorporated, a high technology corporation with some 850 employees. He soon became a Vice President of the Corporation reporting to the Chairman and Chief Executive Officer. Between 1980 and 1987, he routinely testified before the Congress and developed the strategy for successful, major, contract acquisitions within the Department of Energy, the Department of Defense, NASA and the Gas Research Institute.

In January of 1987, Dr. Lawrence founded Bob Lawrence & Associates. Since that time, BL&A has grown in size and scope to the variety of subjects and organizations that it is involved with, today.

Dr. Lawrence holds a Ph D in Engineering and a Bachelor's degree in Physics. His original research work was once a part of the Graduate curriculum at MIT.

*Written Testimony of James Lacy, Past President, on behalf of Rotary International – 20 March 2008  
House Appropriations Subcommittee on State, Foreign Operations, and Related Programs*

Chairwoman Lowey, members of the Subcommittee, Rotary International appreciates this opportunity to submit testimony in support of continuation of funding in the amount of US\$32 million for Fiscal Year 2009 for the Polio Eradication Initiative of the U. S. Agency for International Development (USAID). The effort to eradicate polio stands as an unprecedented model of cooperation among national governments, civil society and UN agencies to work together over many years to achieve a global public good. Longstanding collaboration has enabled us to overcome tremendous challenges: war, natural disasters, and lack of infrastructure among them, so that we are currently within reach of shared victory over polio. What have we learned? Polio eradication strategies work even in the most challenging environments and under the most trying circumstances. The continued leadership of the United States Congress and of polio-affected countries, civil society, and UN Agencies, will ensure we succeed in conquering polio.

#### **PROGRESS IN THE GLOBAL PROGRAM TO ERADICATE POLIO**

The International effort to eradicate polio has made tremendous progress thanks to this Subcommittee's leadership in appropriating funds for USAID's Polio Eradication Initiative.

- Only 4 countries (Nigeria, India, Pakistan and Afghanistan) are still polio-endemic – the lowest number in history. And in these countries, polio circulates in very limited geographic areas.
- The number of polio cases has fallen from an estimated 350,000 in 1988 to slightly more than 1,300 in 2007 – a more than 99% decline in reported cases.
- Cases due to type 1 polio, the most virulent and paralytic of the two remaining types of polio, fell by 84% in 2007. The absence of type 1 polio from the western part of Uttar Pradesh state, India, is a particularly striking development as this is the only area in India which had never interrupted indigenous polio transmission.
- Polio was cut by 76% in northern Nigeria in 2007.
- Twenty-five of the twenty-seven countries that were reinfected between 2003 and 2007 have stopped transmission of imported poliovirus.
- The tools to eradicate polio are better than ever. The program now has vaccines which are twice as effective and diagnostic tools that detect and track poliovirus twice as fast as before.
- Policies to minimize the risks and consequences of the international spread of wild poliovirus are now in place.

Prospects for polio eradication are bright, but significant challenges remain. For example, operational challenges in reaching every child in the four endemic countries range from issues related to campaign quality, security, and funding. In addition, the need to deal with outbreak response activities in countries such as the Democratic Republic of Congo, Angola, and Cameroun are tragic and costly reminders that no child is safe until polio has been eradicated everywhere.

#### **THE ROLE OF ROTARY INTERNATIONAL**

Rotary International, a global association of more than 32,000 Rotary clubs in more than 170 countries with a membership of over 1.2 million business and professional leaders (more than 375,000 of which are in the U.S.), has been committed to battling polio since 1985. Rotary International's commitment will exceed US\$850 million by the time polio is eradicated – representing the largest contribution by an international service organization to a public health initiative ever. Rotary also leads the United States Coalition for the Eradication of Polio, a group of committed child health advocates that includes the March of Dimes Birth Defects Foundation,

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the American Academy of Pediatrics, the Task Force for Child Survival and Development, the United Nations Foundation, and the U.S. Fund for UNICEF. These organizations join us in expressing appreciation to you for your staunch support of the Polio Eradication Initiative.

**THE ROLE OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)**

In April of 1996, with the support of the 104<sup>th</sup> Congress as urged by this Subcommittee, USAID launched its own Polio Eradication Initiative to coordinate agency-wide efforts to help eradicate polio. Congress has continued its commitment to polio eradication since that time. Some of USAID's achievements in the past, and their planned Polio Eradication Initiative activities in 2008, include:

*Increased National Activities throughout Africa:*

- In 2007, USAID supported rapid outbreak response investigation and immunization in newly infected countries or parts of countries including Angola, Chad, Niger, and Sudan.
- In Nigeria, the USAID-funded COMPASS project is working in the highest risk areas in 11 states to improve immunization coverage during campaigns. In the northern state of Kano, where COMPASS has its largest project and historically the highest poliovirus burden area of the country - only five type 1 cases were reported in 2007 (compared to 304, in 2006). Throughout Nigeria, the incidence of type 1 cases is down 90% over the previous year.
- Funds from USAID were used to support two rounds of immunization campaigns in north-east Kenya, which were synchronized with similar activities in Ethiopia and Somalia.
- USAID staff at all levels are actively engaged in planning, monitoring and evaluating activities and serve as observers during NIDs and has supported border coordination meetings between Nigeria/Niger, and Horn of Africa Countries.. USAID has played a particularly active role in Angola, Benin, Burundi, Cameroon, DR Congo, Djibouti, Ethiopia, Ghana, Guinea, Liberia, Madagascar, Mali, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Somalia, and Zambia, to achieve, regain or sustain polio-free status.

*Intensified Efforts in South East Asia and the Near East:*

- USAID staff at all levels are actively engaged in planning, monitoring and evaluating activities and serve as observers during NIDs.
- Through intensive efforts of USAID-funded activities via WHO, CORE NGOs and UNICEF in western Uttar Pradesh, India has had a significant reduction in type 1 polio. As a result, only one type 1 case has occurred in Uttar Pradesh since August 2007; and in the highest-risk districts of western Uttar Pradesh where CORE NGOs have their largest project, no cases due to this virus have occurred since October 2006.
- The USAID Polio Eradication Coordinator held one-on-one discussions with leaders in Bihar and Uttar Pradesh states efforts to address concerns regarding the increase in type 3 cases and help reassure the government that the program was on track.
- USAID supports cross border coordination meetings in Afghanistan and Pakistan, where transmission of polio is now being sustained by cross-border population movements, as well as in areas of insecurity, where access to all populations remains hampered. Tailored strategies were introduced to focus on reaching children in high-risk areas, identify and map mobile populations, and increase involvement of all parties - including government, anti-

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government elements, the military, non-governmental organizations (NGOs) and tribal leaders - in order to allow safe passage of polio vaccinators.

- In Afghanistan, USAID's polio coordinator works in coordination with the State Department and NATO to deconflict the high risk areas. The USAID polio coordinator meets regularly with President Karzai's special advisor on polio eradication to identify areas of support.
- In 2007, USAID funds helped ensure that Pakistani surveillance officers achieved certification-level surveillance; that Afghanistan continues to meet certification-level indicators, even in areas of insecurity that limit access to children; and that surveillance in Bangladesh, Nepal, Indonesia and Thailand continues to meet certification standards, respond to importations and assist with mop-up vaccination activities.

*PVO and NGO Collaborations:*

- In Uttar Pradesh, India, private voluntary organizations (PVOs) belonging to USAID's Child Survival and Resources Collaboration (CORE) Group worked closely with trusted community leaders to visit every family to gain respect and participation in polio immunization activities.

*Global Contributions:*

**Global Polio Laboratory Network:** USAID continues to fund the accreditation process of the 145 laboratories in the global polio lab network (GPLN), provide essential cell-lines and reagents, global media management, communications and fundraising. Also in 2007, with USAID support, the laboratory network evaluated, and subsequently adopted, a new testing strategy that reduces poliovirus confirmation time by 50% compromising poliovirus detection sensitivity. Finally, 5 labs were upgraded during 2007 with USAID support to permit advanced testing capacity Cameroun, Kenya, Madagascar, Morocco, and Uganda.

**Surveillance in Eastern Mediterranean and Europe:**

- USAID protects the progress made toward polio eradication by supporting regional surveillance activities in the Eastern Mediterranean (EMR) and European (EUR) regions.
- More than 20 USAID-funded international observers from the Eastern Mediterranean region were deployed to Nigeria and other high risk countries for the immunization campaigns to support operational planning and share their respective country expertise.

**Polio communication:** USAID continues to lead extensive activities in polio communications through WHO, UNICEF, The Communications Initiative and the USAID Immunization BASICS project to increase community acceptance of vaccination and to ensure the type of high quality, evidence-based social mobilization and advocacy that will be required until certification.

At the global level, USAID supports the development and dissemination of a wide range of documents intended to keep stakeholders informed about polio eradication activities: *Global Polio Eradication 2006 Annual Report; Estimated Financial Resource Requirements; Polio News and Info Polio; Monthly Situation Report; Position Statements and Q&As*: These tools and resources are widely circulated to partners, regional offices and country offices, media, and the lay public on the Global Polio Eradication Initiative website: ([www.polioeradication.org](http://www.polioeradication.org)), which is regularly updated.

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**Diplomatic Outreach:**

- A series of communiqués to USAID offices and US Embassies has heightened awareness among US diplomatic posts of the need for increased funding, high quality immunizations and case reporting across the globe.
- In 2007, USAID staff worked closely with the G8 to increase support for both polio and routine immunization activities.
- USAID remains the only donor with a dedicated technical coordinator/grant manager. This allows full participation of USAID in immunization planning, surveillance and technical reviews in high priority countries and oversight of USAID-funded activities across regions.

In 2008, USAID intends to continue with these intensive efforts to interrupt transmission of polio in the remaining infected countries, achieve or sustain certification-level surveillance, maintain high immunity levels in polio-free countries and reduce the risk of re-importation.

**FISCAL YEAR 2009 BUDGET REQUEST**

The World Health Organization estimates that \$1.8 billion is needed from donors for the period 2008-2012. For Fiscal Year 2009, we respectfully request that you maintain level funding as has been provided for the last several years (\$32 million) for USAID's polio eradication activities. These funds will support USAID's delivery of vaccine and the development of the infrastructure necessary to maintain its Polio Eradication Initiative. This will ensure that we protect the substantial investment we have made to protect the children of the world from this crippling disease by supporting the necessary eradication activities to eliminate polio in its final strongholds—the Indian sub-continent and sub-Saharan Africa.

**BENEFITS OF POLIO ERADICATION**

Since 1988, over 5 million people who would otherwise have been paralyzed will be walking because they have been immunized against polio. Tens of thousands of public health workers have been trained to investigate cases of acute flaccid paralysis and manage massive immunization programs. Cold chain, transport and communications systems for immunization have been strengthened. The disease surveillance system--the network of 145 laboratories and trained personnel established during the Polio Eradication Initiative--is now being used to track measles, rubella, yellow fever, meningitis, and other deadly infectious diseases and will continue to do so long after polio is eradicated. NIDs for polio have been used as an opportunity to give children essential vitamin A thereby saving the lives of over 1.25 million children since 1998. Most recently, polio health workers have been trained to recognize symptoms of Avian Influenza in order to support surveillance and potential outbreak response activities for this emerging public health threat. More than 10 million children will be paralyzed in the next 40 years if the world fails to capitalize on the more than US\$5 billion global investment in eradication.

The strong resolve of the remaining polio-affected countries combined with the continued leadership of the United States and other global donors will ensure that we seize the opportunity to banish the crippling polio virus to the history books. The lessons learned from the shared victory of governments, UN agencies, and civil society entities like Rotary International will leave a lasting legacy for future public health and development initiatives.



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March 3, 2008

**Requests for the FY 09 Foreign Operations and State Department Appropriations Bill**

Chairwoman Nita Lowey  
Ranking Member Frank Wolf  
House Committee on Appropriations  
Subcommittee on State, Foreign Operations and Related Programs  
United States House of Representatives  
Washington, DC 20515

Dear Chairwoman Lowey and Ranking Member Wolf:

As you consider priorities for the FY 2009 appropriations bill, we urge you to include the following initiatives that promote peace and global security. Support for these programs would foster a safer world and improve U.S. standing in it.

***Civilian Stabilization Initiative***

Please support the requested level of \$249 million for the Civilian Stabilization Initiative, which includes funding for the State Department's Office of the Coordinator for Stabilization and Reconstruction (S/CRS), as well as funding for the Civilian Response Corps. This Corps—comprised of experts in fields such as policing and the rule of law, transitional governance, and economic development—will help states in conflict to transition to a lasting peace. While the authorizing legislation for this Corps has already passed the House and was passed successfully out of the Senate Foreign Relations Committee, we urge you to include authorizing language for this program in your bill.

***USAID Operating and Expense Account***

Despite consensus that international development is a necessary—as well as moral—requirement for a safer world, USAID has been grossly under-funded over the last 20 years. The President's budget makes an attempt to redress some of the harm done by past budget cuts by requesting funding for an additional 300 employees. These staff are desperately needed; the average contract load of USAID contracting officers is \$50 million—\$40 million over the level that federal guidelines recommend. We appreciate the committee's continued support of USAID and urge you to fund the additional 300 full time employees, as well as USAID operations, at the President's requested level of \$767 million.

***Diplomatic and Consular Programs***

Preventive and traditional diplomacy represent the first-line of defense against violent conflict, yet U.S. embassies are woefully understaffed, with an estimated 1,000 overseas posts unfilled in calendar year 2008. By fully funding the Diplomatic and Consular Program Account at the



President's requested level of \$4.2 billion, your committee can ensure the ability of the U.S. government to engage in meaningful diplomacy by filling out the ranks of the diplomatic corps.

Effective diplomacy also requires diplomats who are educated and trained in a repertoire of proven initiatives to head off violent conflict. We urge you to support efforts to recruit smart and resourceful diplomats and to ensure that the Foreign Service Institute has a strong program for the prevention of violent conflict in place to educate and train Foreign Service officers.

***Preventive Diplomacy through Multilateral Institutions***

The Contributions to International Organization (CIO) account funds important U.S. treaty obligations at the UN and 47 other international organizations and programs, including the International Atomic Energy Agency, the World Food Program, NATO, and the World Health Organization. Organizations funded through the CIO account promote peace, rule of law, and stability around the world, and U.S. financial support is essential. Please fund the CIO account at no less than \$1.53 billion.

UN Peacekeeping operations have proven to be effective and cost efficient at stopping and preventing violent conflicts from spiraling towards more violence. While the United States voted at the UN to support all new and existing peacekeeping operations, the administration and Congress have not fully funded these lifesaving missions, resulting in arrears totaling \$1.195 billion. The President's budget request for UN peacekeeping (CIPA) is \$600 million short of meeting the needs of the missions. Please work to fully fund the United Nation's 17 ongoing peacekeeping operations and to pay down existing U.S. arrears. Funding current operations is central to efforts to save lives in Darfur, Chad, Liberia, the Democratic Republic of Congo, and other conflict zones. Please fund CIPA at no less than \$2.1 billion for FY 2009 and work to pay off the arrears.

***Reconciliation Programs***

Reconciliation programs and activities bring together individuals of different ethnic, religious and political backgrounds in countries torn apart by civil war and other deadly conflict. This global program seeks to promote understanding, mutual respect, and reconciliation through the active participation of members of opposing groups. We request that you fund this important program at no less than \$50 million.

***Military Assistance***

Because we believe war is not the answer to the challenges facing the U.S. government and its allies, FCNL opposes all provision of military assistance. Realizing that a suspension of all such aid is not likely, we offer the following observation and request: While Foreign Military Financing (FMF) and International Military Education and Training (IMET) are generally considered to represent the totality of "military aid" in the Foreign Operations Appropriation, we count military and police assistance in at least six program accounts—including the Andean Counterdrug Program, Assistance for East Europe and the Baltic States, Assistance for Independent States of the Former Soviet Union, and others. We note with particular alarm that counterinsurgency training is being provided under programs that are advertised as being about "security sector reform" (INCLE), "peacekeeping" (Peacekeeping Operations)<sup>1</sup>, and "non-proliferation and anti-terrorism" (NADR). To promote a clearer understanding of the types of aid actually being provided, we encourage the committee to require that all future funding requests for the provision of military training, weapons and related equipment be consolidated under the heading of Foreign Military Financing (FMF) or International Military Education and

Training (IMET), or in some other way accurately reflect the amount of the foreign aid budget request that is going to support military training and equipment.

***Human Rights Initiatives***

With the exception of \$4 million appropriated in FY 2008, neither the State Department's Bureau of Democracy, Human Rights and Labor (DRL) nor embassies (with one or two exceptions) have dedicated resources to implement "Leahy Law" background vettings of recipients of U.S. military aid, as required by successive Foreign Operations and Defense Department Appropriations Acts since 1997. Administration officials now routinely cite these background checks as the key protection to ensure that U.S. military aid is not going to unworthy recipients with records of abuse. Since U.S. military aid programs—authorized and funded by Foreign Operations Appropriations, as well as those authorized and funded by DOD Appropriations—are growing dramatically, and since both rely on the State Department taking initiative to seek and gather information about the conduct of U.S.-trained foreign troops for the provision to be effective, it is imperative that the committee provide adequate, directed resources to DRL to carry out this legislated mission. We urge you to mandate a level of support similar to that in FY 2008.

In addition, we strongly support language included in FY 2008 that prohibits military assistance to any government that is recruiting or using child soldiers. We urge the committee to include similar language in the FY 2009 bill.

***U.S. Bases in Iraq***

We request that you maintain and build on the provision on "Limitation on Basing in Iraq," included in last year's bill.

We believe that Congress should prohibit the negotiation of any bilateral agreement between the United States and Iraq based on the November 2007 Declaration of Principles (DoP). This document commits the U.S. government to support Iraqi democracy against "internal and external threats" and the Iraqi constitution against "any attempt to impede, suspend, or violate it." The DoP also commits the United States to agree to "deter foreign aggression against Iraq" and support "efforts to combat all terrorist groups." It envisions a U.S.-Iraqi accord whose closest parallels in international relations are treaties between the former Soviet Union and its East European satellite states. Considering these wide-reaching commitments, we ask that you expand last year's basing language to include:

*"Notwithstanding any other provision of law, none of the funds made available in this Act may be used by the Government of the United States to enter into a basing rights agreement or any agreement pursuant to the Declaration of Principles between the Iraq and the United States."*

***Humanitarian Provisions on Landmines and Cluster Bombs***

We urge you to include language in the FY 2009 bill similar to or stronger than that in the FY 2008 law, which prohibits U.S. exports of cluster munitions that do not meet reliability standards. More than half of the world's nations are expected to conclude a treaty banning cluster weapons in 2008—including production, stockpiling, export and use. While the U.S. government opposes this treaty process, it has expressed support for cluster bomb export limitations at a separate diplomatic process (the Convention on Conventional Weapons). Building on last year's language, by prohibiting *all* cluster munitions exports, would demonstrate

a measure of U.S. government accord with rapidly evolving global norms and views about the humanitarian impact of this type of weapon.

In addition, we are concerned that funds for demining—which traditionally are broken out in separate line items for Humanitarian Demining and for the International Trust Fund for demining in the Balkans—are consolidated this year into an overarching “Conventional Weapons Destruction” line in the NADR account. We hope that this consolidation of funding does not indicate diminished support by the State Department for global destruction of anti-personnel landmines, unexploded cluster submunitions and other dispersed ordnance that still endangers hundreds of millions of people around the world. We urge the committee to ensure that funding levels for humanitarian demining are maintained at or near FY 2008 appropriated levels of \$79 million.

We also request that you include report language encouraging the State Department to direct adequate funds toward the removal of still deadly unexploded cluster submunitions lingering in Laos more than 35 years later. Congressional Research Service noted in a recent report that

Despite the heavy toll that unexploded ordnance (UXO) from U.S. bombing continues to wreck on the Lao countryside, [U.S.] funding for de-mining activities is likely to decrease by 40% between 2006 and 2008. The U.S. dropped more than 2.5 million tons of ordnance on Laos during the Vietnam War.... [These] Mines cause an average of 120 deaths per year (nearly 4,000 deaths, and over 13,000 casualties, since 1975). UXO also takes a significant economic toll on rural areas, affecting 25% of villages or one-third to one-half of the nation's land area."

The UN Development Program has estimated that, at current levels of international funding, it will take 100 years before this legacy of the Vietnam War is cleaned up.

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Thank you for your consideration of the above requests. We look forward to further opportunities to work with members of the Appropriations Committee in support of peace and global security.

Sincerely,



Joe Volk  
Executive Secretary

cc: Chairman Patrick Leahy and Ranking Minority Member Judd Gregg

<sup>1</sup> Funds proposed for FY 2009 will be used to train and equip counter-terrorist units in East Africa and the Sahel. Dept. of State, "Summary and Highlights International Affairs Function 150, p. 46.

<sup>2</sup> Thomas Lum, Foreign Affairs, Defense and Trade Division, CRS Report for Congress, "Laos: Background and U.S. Relations", 7 January 2008

**Written Testimony Submitted to the House of Representatives  
State & Foreign Operations Appropriations Subcommittee  
Regarding FY 2009 Funding for Malaria Related Programs**

**Claire Panosian, M.D., DTM&H  
President, American Society of Tropical Medicine and Hygiene**

**Overview**

The American Society of Tropical Medicine and Hygiene (ASTMH) – the principal professional membership organization representing, educating, and supporting tropical medicine scientists, physicians, clinicians, researchers, epidemiologists, and other health professionals dedicated to the prevention and control of tropical diseases – appreciates the opportunity to submit written testimony to the House State & Foreign Operations Appropriations Subcommittee. We respectfully request that the Subcommittee provide the following allocations in the FY 2009 State-Foreign Operations Appropriations bill to support a comprehensive effort to eradicate malaria:

- \$500 million for bilateral malaria efforts, including the President’s Malaria Initiative (PMI). This level of investment will help ensure that fully-effective malaria therapies, indoor spraying with insecticides, insecticide-treated bed nets, and preventive treatment are delivered to communities in need. This appropriation should be separate and above the funding for the Global Fund to Fight AIDS, Tuberculosis, and Malaria (the Global Fund).
- \$1.65 billion as the United States’ FY 2009 voluntary contribution to the Global Fund. This allocation should be separate and above the funding for the PMI and other bilateral malaria efforts.

The need for this funding is discussed in greater detail below. We very much appreciate the Subcommittee’s consideration our views and we stand ready to work with the Subcommittee Members and staff on these and other important global health matters.

**ASTMH**

ASTMH plays an integral and unique role in the advancement of the field of tropical medicine. Its mission is to promote world health by prevention and control of tropical diseases through research and education. The 3,300 members of the Society reside in 46 states and the District of Columbia and throughout the world and work in a myriad of public, private, and non-profit environments, including academia, the U.S. military, public institutions, federal agencies, private practice, and industry.

The Society’s long and distinguished history goes back to the early 20<sup>th</sup> century. The current organization was formed in 1951 with the amalgamation of the National Malaria Society and the American Society of Tropical Medicine. Over the years, the Society has counted many distinguished scientists among its members, including Nobel laureates. ASTMH and its members continue to have a major impact on the tropical diseases and research carried out around the world. The Society counts among its members the world’s foremost experts in malaria control, with expertise ranging from basic science to field research.

### **Tropical Medicine and Tropical Diseases**

The term “tropical medicine” refers to the wide-ranging clinical work, research, and educational efforts of clinicians, scientists, and public health officials with a focus on the diagnosis, mitigation, prevention, and treatment of diseases prevalent in the areas of the world with a tropical climate. Most tropical diseases are located in either sub-Saharan Africa, parts of Asia (including the Indian subcontinent), or Central and South America. Many of the world’s developing nations are located in these areas; thus tropical medicine tends to focus on diseases that impact the world’s most impoverished individuals.

The field of tropical medicine encompasses clinical work treating tropical diseases, work in public health and public policy to prevent and control tropical diseases, basic and applied research related to tropical diseases, and education of health professionals and the public regarding tropical diseases.

Tropical diseases are illnesses that are caused by pathogens that are prevalent in areas of the world with a tropical climate. These diseases are caused by viruses, bacteria, and parasites which are spread through various mechanisms, including airborne routes, sexual contact, contaminated water and food, or an intermediary or “vector” – frequently an insect (e.g. a mosquito) – that transmits a disease between humans in the process of feeding.

ASTMH aims to advance policies and programs that prevent and control those tropical diseases which particularly impact the global poor. ASTMH supports and encourages Congress to expand funding for – and commitments to – national and international malaria control initiatives. As part of this effort, ASTMH recently conducted an analysis of federally funded tropical medicine and disease programs and developed FY 2009 funding requests based on this assessment.

### **Malaria**

Malaria is a global emergency affecting mostly poor women and children; it is an acute and sometimes fatal disease caused by the single-celled *Plasmodium* parasite that is transmitted to humans by the female *Anopheles* mosquito.

Malaria is highly treatable and preventable. The tragedy is that despite this, malaria is one of the leading causes of death and disease worldwide. According to the Centers for Disease Control and Prevention (CDC), as many as 2.7 million individuals die from malaria each year, with 75 percent of those deaths occurring in African children. In 2002, malaria was the fourth leading cause of death in children in developing countries, causing 10.7 percent of all such deaths. Malaria-related illness and mortality extract a significant human toll as well as cost Africa’s economy \$12 billion per year perpetuating a cycle of poverty and illness. Nearly 40 percent of the world’s population lives in an area that is at high risk for the transmission of malaria.

Fortunately, malaria can be both prevented and treated using four types of relatively low-cost interventions: (1) the indoor residual spraying (IRS) of insecticide on the walls of homes; (2) long-lasting insecticide-treated nets (LLIN); (3) Artemisinin-based combination therapies

(ACTs); and (4) intermittent preventive therapy (IPT) for pregnant women. However, limited resources preclude the provision of these interventions and treatments to all individuals and communities in need. As such, ASTMH calls upon Congress to fund a comprehensive approach to malaria control, including public health infrastructure improvements, mosquito abatement initiatives, increased availability of existing anti-malarial drugs, development of new anti-malarial drugs and better diagnostics, and research to identify an effective malaria vaccine. Much of this important work currently is underway; however, additional funds and a greater commitment from the federal government are necessary to make progress in malaria prevention, treatment, and control.

#### **President's Malaria Initiative (PMI)**

The PMI is a \$1.2 billion, five-year program with the goal of reducing malaria-related deaths in 15 targeted countries in sub-Saharan Africa by 50 percent. The intent of the program is to reach 85 percent of the most vulnerable groups (children and pregnant women) in the target countries with proven prevention and treatment tools. President Bush announced the program on June 30, 2005.

The PMI is a collaborative effort headed by the U.S. Agency for International Development (USAID), in conjunction with the CDC, the Department of State, the White House, the National Institutes of Health (NIH), and other entities. International partners include: the World Health Organization; the Global Fund to Fight AIDS, Tuberculosis, and Malaria; Roll Back Malaria Partnership; the United Nations Children's Fund (UNICEF); the American Red Cross; the World Bank Malaria Booster Program; and others.

PMI activities were launched in three targeted countries in fiscal year (FY) 2006: Angola, Tanzania, and Uganda. In FY 2007, four additional countries have been included: Malawi, Mozambique, Rwanda, and Senegal. In FY 2007, four additional countries were included: Malawi, Mozambique, Rwanda, and Senegal. And in FY 2008, PMI plans to expand the program to include Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali, and Zambia, bringing the total number of participating nations to 15 – an expansion that ASTMH supports.

It is imperative that the United States continues the efforts of the PMI and fulfills its commitment and promises made to 15 countries and their citizens. To cease, reduce, or not adequately fund these critical global health efforts would be a significant step backward and prove devastating to the countries currently targeted by the PMI.

#### **The Global Fund to Fight AIDS, Tuberculosis, and Malaria (the Global Fund)**

The Global Fund is supported by a partnership among governments, civil society, the private sector, and affected communities, with the goal of dramatically increasing the available resources to fight three of the world's most devastating diseases. Since 2001, the Global Fund has attracted \$9 billion in pledges through 2008. The Global Fund is helping to finance the provision of 109 million insecticide-treated bed nets (ITNs) to protect families from transmission of malaria. It is the largest financier of ITNs in the world.

The Global Fund also is helping to deliver 264 million artemisinin-based combination drug treatments (ACTs) to affected individuals for combating drug-resistant malaria. The Global Fund has become not only the largest financier of malaria control globally, but also has developed a unique performance-based funding model that supports national partnership to manage programming and assume accountability for results.

ASTMH maintains that it is incumbent upon the United States to exercise leadership and significantly increase its funding for the Global Fund and its malaria programs.

#### **Addressing the Scourge of Neglected Tropical Diseases (NTD)**

At least one billion people — one sixth of the world's population — suffer from one or more neglected tropical diseases. The toll of these diseases on human health is incredibly high. In addition, the most affected populations are the poorest and most vulnerable residents of tropical and subtropical areas of the world. Simple diagnostic tools, safe and effective treatment regimens, and, in some cases, basic distribution systems, are needed to counter the threats posed by the world's most prevalent and insidious tropical diseases.

To make progress in controlling and preventing suffering from neglected tropical diseases (NTDs), such as Trachoma, leprosy, and cholera, and, ASTMH calls upon Congress in FY 2009 to appropriate adequate resources to the U.S. Agency for International Development (USAID) to support and implement integrated control of NTDs.

#### **Conclusion**

To ensure that the progress being made by the PMI and other federally-funded malaria efforts continues and can be expanded to other countries, ASTMH urges the Subcommittee to provide:

- \$500 million for bilateral malaria efforts, including the President's Malaria Initiative (PMI). This level of investment will help ensure that fully-effective malaria therapies, indoor spraying with insecticides, insecticide-treated bed nets, and preventive treatment are delivered to communities in need. This appropriation should be separate and above the funding for the Global Fund.
- \$1.65 billion as the United States' FY 2009 voluntary contribution to the Global Fund. This allocation should be separate and above the funding for the PMI and other bilateral malaria efforts.

Thank you for your attention to our concerns and requests. We know that Congress and the nation face difficult budgetary challenges and you are asked to support many meritorious programs. However, until malaria is conquered, it will continue to ravage the most vulnerable populations of the world's most impoverished nations, leading to death, disease, and the continuing cycle of poverty and illness. We thank you in advance for your support of increased FY 2009 funding for the PMI and Global Fund. We appreciate your consideration of our requests.

**Statement of Robert J. Carey, Chair, Refugee Council USA  
To the House Committee on Appropriations Subcommittee on State, Foreign Operations,  
and Related Programs  
Regarding FY 2009 Funding for Refugee Protection and Assistance  
March 20, 2008**

Chairwoman Lowey and Members of the Subcommittee:

On behalf of Refugee Council USA (RCUSA), a coalition of non-governmental organizations committed to refugee protection, assistance, and resettlement, I am pleased to submit this statement regarding FY 2009 funding needs for the Migration and Refugee Assistance (MRA) and Emergency Refugee and Migration Assistance (ERMA) accounts. Sufficient funding for these two accounts is critical to U.S. leadership in the protection of vulnerable refugees worldwide.

Given recent shortfalls in refugee funding and the need to rely on supplemental appropriations, a robust FY 09 appropriation is needed to expand our nation's ability to aid the millions of refugees overseas and to increase the number of refugees offered protection through resettlement in the United States. To achieve this end, we recommend that the committee provide at least \$1.7 billion for the Migration and Refugee Assistance (MRA) account and a funding level for the Emergency Refugee and Migration Assistance (ERMA) account that will allow it to be replenished to its authorized level of \$100 million.

Our recommended MRA level would allow a modest but necessary increase in overseas refugee assistance spending in order to more adequately address critical needs in both new and longstanding refugee situations—including the Iraqi displacement crisis. This overall MRA level would also provide \$466 million for the United States to admit 100,000 refugees in FY 2009 and to provide admissions assistance to 5,000 Iraqis and their families who arrive with Special Immigrant Visas. Such funding for refugee admissions would also permit needed enhancements to the system of identifying and processing refugees overseas and providing them with initial reception services. Finally, this figure would allow the other two items within MRA—aid to refugees resettling in Israel, and the administrative costs of the State Department's refugee bureau—to be funded at expected levels.

Increased funding for refugee protection as described above is essential to avoid massive shortfalls in food, medicine and other vital supplies that continue to affect refugees across Africa and elsewhere. It would also support the work of international relief organizations, including U.S.-based charitable agencies, that are providing humanitarian assistance and protecting refugees from further harm. This funding level for overseas assistance would reverse the effects of inflation and other cuts and would allow the United States to respond in a more timely manner—without reliance on supplemental funding—to refugee situations throughout the world, including the Middle East.



Sufficient ERMA funding is also needed to respond to unanticipated refugee needs and to allow this fund to be used vigorously. We therefore recommend that the ERMA account be replenished to its fully authorized level of \$100 million at the start of FY 2009.

Our organizations have long valued our partnership with the government to provide assistance, protection and resettlement to refugees around the world and look forward to continuing our mutual work to help meet the needs of approximately 14 million refugees worldwide and more than 24.5 million internally displaced persons affected by conflict and humanitarian disasters. While we are clearly aware of the numerous competing requests during these times, we hope that the committee will provide sufficient funding to help the U.S. respond to the full scope of protection, assistance and resettlement needs of refugees. The freedom from fear and despair that America represents to refugees around the world can only be fully realized with a robust budget for these critical accounts.

Attached is an RCUSA document that provides further detail on our FY 2009 recommendations for MRA and ERMA. We appreciate this opportunity to make our views known to the Subcommittee and thank you for your continued commitment to the world's most vulnerable populations.

## council

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**Fiscal Year 2009 Funding Needs for Refugee Protection and Assistance****Summary of Funding Recommendation**

Refugee Council USA (RCUSA), a coalition of non-governmental organizations committed to finding durable solutions for refugees, recommends a fiscal year 2009 appropriation of at least **\$1.7 billion** for the State Department's Migration and Refugee Assistance (MRA) account. This amount would:

- Allow approximately **\$1.2 billion** for overseas refugee assistance, to: (1) address both new and longstanding refugee situations, such as those in Chad/Darfur, Central African Republic, Ethiopia, Thailand, Burundi, Kenya, and Nepal; (3) provide initial FY '09 funding for desperately needed assistance to Iraqi refugees in neighboring countries; (3) help fund successful refugee repatriations, particularly in Africa; and (4) address the severe funding shortfalls undermining relief programs of international aid agencies and their implementing partners;
- Provide **\$466 million** for the admission of at least 100,000 refugees and an additional 5,000 Iraqis and their families who arrive with Special Immigrant Visas; and
- Fund the other two MRA-line items (aid to refugees resettling in Israel (**\$30 million**) and PRM administrative expenses (**\$23 million**) at anticipated levels.

RCUSA also recommends that the State Department's Emergency Refugee and Migration Assistance (ERMA) account receive a sufficient FY 2009 appropriation to ensure that the account is fully funded at the current authorized level of \$100 million at the start of the new fiscal year. The ERMA account is likely to be virtually depleted by the end of FY 2008. This account must be fully replenished to enable the President to respond to urgent, unanticipated refugee assistance needs throughout the new fiscal year. Escalating violence and instability in many parts of the world will certainly place increasing demands on this emergency account.

| Account                   | '08 Enacted <sup>1</sup> | '09 President's Request | '09 RCUSA           | '09 RCUSA vs. Pres. Request | '09 RCUSA vs. '08 Enacted |
|---------------------------|--------------------------|-------------------------|---------------------|-----------------------------|---------------------------|
| <b>Total MRA</b>          | \$ 1,023                 | \$ 764                  | \$ 1,700            | \$ + 936                    | \$+ 677                   |
| Refugee Admissions        | \$ 211.6                 | \$ 213.4                | \$ 466              | \$ + 233.6                  | \$+ 254                   |
| Overseas Assistance       | \$ 749.54                | \$ 498.1                | \$ 1,200            | \$ + 701.9                  | \$+ 451                   |
| Other (PRM admin; Israel) | \$ 63                    | \$ 53                   | \$ 53               | -----                       | \$- 10                    |
| <b>ERMA</b>               | \$ 44.6                  | \$ 45                   | \$ 100 <sup>2</sup> | N/A <sup>2</sup>            | N/A                       |

*The chart numbers are in millions of dollars*

**Overview of Migration and Refugee Assistance**

The Department of State's Migration and Refugee Assistance (MRA) account helps the United States meet its domestic and international obligations to protect and assist refugees and, in some cases, internally displaced persons. MRA funding also helps relieve explosive international tensions and sets an example for the rest of the world.

<sup>1</sup> Including \$200 million emergency funds for Overseas Assistance

<sup>2</sup> RCUSA wishes to ensure that this draw-down account is funded at not less than \$100 million at the start of fiscal year 2009

The MRA account is found in the International Affairs function (function 150) of the federal budget. The permanent authorization for MRA activities and funding is found in the Migration and Refugee Assistance Act of 1962. Specific funding levels for MRA are reauthorized from time to time in the Foreign Relations Authorization Act (sometimes referred to as the State Department Authorization bill), which is produced by the House Foreign Affairs Committee and the Senate Foreign Relations Committee. MRA appropriations are provided each year through the State, Foreign Operations Appropriations bill. The MRA account is administered by the State Department's Bureau of Population, Refugees, and Migration (DOS/PRM).

The two major line-items within MRA are overseas refugee assistance and U.S. refugee admissions.

**Overseas Assistance.** The majority of MRA funds for overseas assistance are used to support the work of the United Nations High Commissioner for Refugees (UNHCR), which is widely recognized by relief experts as the United Nations' most consistently effective agency. UNHCR channels much of its funding to U.S. nongovernmental relief organizations, including faith-based agencies. Overseas refugee assistance funds also support the work of the International Committee of the Red Cross (ICRC) and other international organizations. These agencies work not only to address the immediate needs of refugees and other conflict victims but also to resolve refugee crises through repatriation, local integration, or—for less than one percent of the world's refugees—resettlement in another country.

**Refugee Admissions.** The Refugee Admissions portion of MRA provides funding to identify, admit, and provide initial resettlement for refugees admitted to the United States. Resettlement is widely regarded as an important tool of refugee protection, not only because it serves as a durable solution for individual refugees but also because it helps convince countries of "first asylum" to keep their doors open to persons fleeing persecution. All refugees admitted to the United States must meet the U.S. refugee definition (modeled on the UN definition), which requires a well-founded fear of persecution based on race, religion, nationality, membership in a particular social group, or political opinion.

The admissions process begins with a consultation between the Administration and Congress, with input from U.S.-based refugee resettlement agencies, refugee organizations, and others. The Administration then establishes a ceiling for the number of refugees to be admitted in the upcoming fiscal year. Over the years, the ceiling has ranged from more than 200,000 in the early 1980s to a recent low of 70,000. After setting the ceiling, the U.S. government works in partnership with international organizations and U.S.-based agencies to identify, admit, and resettle refugees into the country.

#### **Overview of Emergency Refugee and Migration Assistance**

ERMA is a no-year account that the President may draw on at any time to meet "unexpected urgent refugee needs." The term "no-year" means that any funds left over in the account at the end of a fiscal year can be carried over into the next fiscal year. ERMA is found in the International Affairs function (function 150) of the federal budget. Funding for ERMA was permanently authorized in the Migration and Refugee Assistance Act of 1962.

Appropriations for ERMA are provided each year through the State, Foreign Operations Appropriations bill. ERMA drawdowns are used to respond to breaks in the food pipeline, unanticipated new emergencies or unforeseen escalations in existing crises. Recent ERMA drawdowns have allowed to U.S. to respond quickly to refugee crises in the Middle East and urgent humanitarian needs in Sudan, Somalia, Chad, Sri Lanka, the Central African Republic, and the Democratic Republic of the Congo.



**Testimony of Lavinia Limón  
President and CEO  
Before the Appropriations Subcommittee on State, Foreign Operations and Related  
Programs  
March 20, 2008**

Thank you Chairwoman Lowey (NY) for calling this very important hearing on the FY 2009 budget. The U.S. Committee for Refugees and Immigrants (USCRI) has resettled over 250,000 refugees in communities across America during the last 30 years. We also advocate for the worldwide protection of refugees with particular emphasis on the exercise of their rights under international law. On February 4th, of this year, the President presented his budget to Congress and we were dismayed to see significant cuts in assistance to refugees around the world. We have confidence that your Subcommittee and the Congress as a whole will restore these cuts and insure that America continues to fulfill its historical role in protecting refugees. I would like to further comment on a few critical issues as follows:

**MRA and ERMA Funding**

In the President's budget request, the Administration has asked for \$764 million to fund Migration and Refugee Assistance (MRA), and \$45 million for Emergency Refugee Migration Assistance (ERMA). At a time when the humanitarian assistance and protection needs of the world's refugees are growing, especially those of the Iraqis, Burmese, and Sudanese, a 25 percent reduction or \$259 million cut to MRA would severely undermine our nation's ability to help refugees. We recommend that you consider both accounts for an increase and to fund them to their fullest possible levels.

**Warehousing**

For 47 years USCRI has been reporting on the plight of refugees worldwide in our annual publication, the *World Refugee Survey*. According to the 2007 *Survey* over 8.8 million refugees have been warehoused in situations lasting 10 years or more. We define warehousing as the condition whereby refugees have been denied their rights to work, to move freely, to practice professions, to run businesses, to own property or to choose their place of residence. Most warehousing occurs in refugee camps but urban refugees are also routinely denied their rights under international law.

Warehousing is a terrible fate for many refugees and continues to be a prevalent problem worldwide. For Rwandans it has been over 12 years, for Burmese more than 20 years, for Angolans over 30 and for Palestinians 60 years. Most of the funds under the MRA account is spent on food and other basic needs of warehoused refugees. We believe

that if refugees were allowed to work and choose their place of residence they would work and not be dependent upon international charity.

We would like to see the Department of State take a proactive role in advocating for the rights of refugees while in exile. We have a robust program in Thailand that mobilizes a collaborative effort from the business, labor and faith communities to advocate for refugee rights. We see this as a “win-win” proposition for Thais and refugees and public opinion does show signs of shifting to a pro-refugee stance. The Department of State provided funds for this effort for one year ending October 2007 but has no other investments in anti-warehousing activities. We request that the Department of State be instructed to fund programs that promote the rights of refugees and report to Congress on their diplomatic efforts to leverage policy changes consistent with international law

#### Refugee Resettlement

In 2007, only about 48,000 refugees were resettled in the U.S. even though the presidential ceiling for admissions was 70,000. In 1992, the U.S. resettled a high of 132,531 refugees and the average of the last 30 years is over 80,000. This Administration has consistently set the ceiling high and their performance low. The low levels of refugee admissions for the first quarter of FY 2008 is shocking and portends yet another dismal year when spaces for thousands of refugees are left empty and the refugees themselves are left at risk.

We believe the Department of State should be held to performance standards and benchmarks so that no refugees are denied a new life in freedom because of bureaucratic inertia.

#### Iraqi Refugees

The President determined that 12,000 Iraqis should be resettled this fiscal year. At the current rate, the arrivals will be well short of 12,000, with many predicting 6-8,000. Again, the Department of State and the Department of Homeland Security have many reasons why their performance is so dismal. However, we believe that if this Administration was truly committed to rescuing the victims of the war in Iraq any obstacles would be overcome.

We are deeply concerned about the plight of the Iraqi refugees in Jordan, Lebanon, Syria, and Turkey. Essentially, none of the refugees are legally permitted to work resulting in exploitation, child labor and prostitution. We would like to see the U.S. Government use all available means to persuade the host governments to allow Iraqi refugees to work. Many of these refugees are professionals, all speak Arabic, and they could be contributing to their host society while they await return to a safe Iraq. Further, instead of using their life savings simply to survive these refugees could bring back to Iraq resources and experience that would help rebuild their country.

We were pleased to hear the testimony of Ambassador Foley on 3/12/08 when he said that in-country processing in Baghdad will begin in a few months. This is vital to avoiding further strain on the surrounding countries and to the refugees who can avoid the danger and expense of crossing the border. We ask that you monitor the progress of these efforts closely.

The Iraqi Refugee Law, authored by Senator Kennedy and Senator Cardin is a tremendous step forward in helping those Iraqi's who have risked their lives for our soldiers. However, these Iraqi's enter the U.S. as "Special Immigrant Visa" holders and, as such, are subject to the same five year bans on receiving any federal benefit as regular immigrants. This means that an Iraqi who engaged in combat alongside our troops and is suffering from a physical wound or disability would not be eligible for any medical, rehabilitation, or income assistance while he recovers. They should be exempt from the five-year ban and we request that you put forward amendments to correct this error.

Thank you for the opportunity to submit testimony on behalf of the U.S. Committee for Refugees and Immigrants. I am available at your convenience if you have any questions regarding my testimony.

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**Testimony of Nick Larigakis, Executive Director, American Hellenic Institute (AHI)  
on behalf of the, American Hellenic Institute on the Fiscal Year 2009 Appropriations Bill  
Submitted to the House Appropriations Subcommittee on State, Foreign Operations, and  
Related Programs - March 20, 2008**

Madame Chairwoman Lowey, Ranking Member Wolf and Members of the Subcommittee:

I am pleased to submit testimony to the Subcommittee on behalf of the nationwide membership of the American Hellenic Institute on the Administration's foreign aid proposals.

In the interests of the United States we oppose the:

1. \$15 million in military assistance the administration has requested for Turkey;
2. \$23.3 million the administration has requested for the Former Yugoslav Republic of Macedonia (FYROM);
3. reduction in the aid levels for the UN Peacekeeping Force in Cyprus from \$6.4 million in FY 2008 down to \$4.5 million for FY 2009; and
4. elimination of funding for the VOA Greek Service.

In the interests of the United States we support the \$11 million for Cyprus as long as it is tied exclusively to bi-communal projects of the island as mandated by U.S. law which states that U.S. funds support only "measures aimed at reunification."

**United States Interests in Southeast Europe and the Eastern Mediterranean:** The U.S. has important interests in Southeast Europe and the Eastern Mediterranean. To the north of Greece are the Balkans, Eastern Europe and Russia, to the East the Middle East and to the South are North Africa and the Suez Canal. Significant communication links for commerce and energy sources pass through the region. The projection of U.S. interests in the region depends heavily on the stability of the region. Therefore, the U.S. has an important stake in fostering good relations between two NATO allies, Greece and Turkey and in achieving a just and viable settlement of the Cyprus problem.

Greece is of vital importance for the projection of U.S. strategic interests in the region by virtue of among other factors, its geographic location and by being home to the most important naval base in the Mediterranean Sea, Souda Bay, Crete. There are thousands of visits by U.S. military ships and planes to Souda Bay, Crete and its adjacent air base annually, and was and is critical for the United States to deliver troops, cargo, and supplies to Iraq.

In addition, Greece is a top contributor to the defense efforts of NATO, spending an estimated 3% of its GDP on defense, and is also an active participant in peacekeeping and peace-building operations conducted by international organizations, including the UN, NATO, the EU, and OSCE. However, a key to stability in the region is for Greece and Turkey to have good relations with each other, promote democratic ideals and principles, and maintain growing economies. However, Turkey's continuing occupation of Cyprus, its intransigence in solving the Cyprus problem, its refusal to recognize Cyprus as a member of the European Union, its continuing violations of Greece's territorial integrity, and on going human rights and religious freedom violations in Turkey, threatens and prevents this stability, and by extension U.S. interests.

In promoting a multilateral approach to diplomacy and foreign policy, the U.S. should look to Greece as an immensely valuable link in this region. With its close cultural, political and economic ties to the Mediterranean countries, Western Europe, the Balkans, Eastern Europe and the Middle East, Greece is an ideal strategic partner for the U.S. with regard to diplomatic relations with countries from these regions. This sentiment has been expressed several times by our government in the past few years, by President Bush and by Secretary of State Rice.

Greece is by far the most economic and politically stable country in the Balkans. It has assisted the U.S. in bringing political stability and economic development to this volatile region, having invested over \$22 billion in the countries of the region, thereby creating over 200,000 new jobs, and having contributed over \$750 million in development aid for the region.

**Turkey:** We oppose the \$15 million dollars the administration has requested for Turkey and any other assistance programs from the United States, such as most favored nation trade benefits including textile quotas, including the transfer of any nuclear related assistance, which we oppose as not in the best interests of the U.S. because such benefits should be conditioned on Turkey meeting the following conditions:

1. the immediate removal of all Turkish troops from Cyprus;
2. the prompt return to Turkey of the over 160,000 illegal Turkish settlers in Cyprus;
3. the Turkish government's safeguarding the Ecumenical Patriarchate, its personnel and property, reopening the Halki Patriarchal School of Theology, and returning church properties illegally seized; and
4. stops the violations against Greece's territorial integrity in the Aegean and in Greek airspace.

**Cyprus:** Regarding Cyprus, the assistance that the U.S. has provided in humanitarian aid during the past 30 years, has been important for that country's economic recovery after the illegal Turkish invasion of 1974. During the first two decades of Turkey's occupation of 37.3% of Cyprus much of that aid was directed towards the rehabilitation of the refugees. In the past decade most of the aid was aimed at bi-communal projects to support reunification of the island. As you know, there is a statutory mandate that U.S. funds support only "measures aimed at reunification." However, in recent years the aid has not been tied exclusively to joint Greek and Turkish Cypriot communal projects and we are gravely concerned that funds used for programs on Cyprus have been obligated without appropriate advanced consultation with the government of the Republic of Cyprus.

If these funds are to improve the prospect for peaceful reunification of the island it is incumbent on the administration to consult with the Government of the Republic of Cyprus in advance of the obligation of funds, and to assure maximum transparency in their allocation. In addition, unless the allocation of the funds is for joint communal projects, this aid will not assist in the reunification of the island and will ultimately not serve the U.S. tax-payer.

In that respect, USAID must assure the Cyprus government that these funds will be spent in accordance with the official positions of the United States and the UN, namely that the expenditure does not violate Cyprus' sovereignty, territorial integrity and domestic legal order, does not affect property rights of Cypriot-Americans or Greek-Cypriots and does not create or promote political institutions or activities of the entity that is not recognized by the UN Security Council or the U.S., known as the "Turkish Republic of Northern Cyprus (TRNC)".



The USAID programs must have a genuine bi-communal character and involve civil society organizations, contribute to the reunification of Cyprus and the reintegration of the economy and society. They must not negatively affect Cyprus' environment, cultural and religious heritage.

We urge that the \$11 million dollars in aid being proposed for Cyprus must comply with U.S. law, by calling on the State Department and USAID to provide an accounting of all programs that are being supported by these funds. Details should be provided as to who the recipients are, what the funds are being used for, and that their only purpose is to achieve the reunification of the island. The Government of the Republic of Cyprus has sought to conclude a Memorandum of Understanding with USAID on the use of U.S. funds in Cyprus that could provide a mechanism for meaningful consultation. Given Congress's previous directive to consult transparently with the Government of the Republic of Cyprus and the fact that USAID has MOUs with other countries we believe that it is very important and beneficial that USAID should sign such a Memorandum.

In addition, we strongly oppose the administration's request to reduce the UN peacekeeping budget by \$1.9 million. The illegal occupation of the northern part of Cyprus by Turkish troops is a reality and we have seen an increase in the presence of Turkish troops on the island. The Turkish occupied area which amounts to of 37.3% of the territory of the Republic of Cyprus is one of the most heavily militarized areas in the world with the presence of more than 43,000 Turkish occupation troops. As long as the northern part of Cyprus remains under Turkish military occupation, a strong UN peacekeeping force should be maintained on the island.

**Former Yugoslav Republic of Macedonia (FYROM):** We oppose the \$23.3 million dollars since it is not tied in to FYROM's commitment to negotiate in good faith with Greece to find a solution to the continuing unresolved issue between Greece and FYROM over the name of the latter. This issue, if unresolved, will contribute to potential instability within the Balkans. Stability in the Balkans is not only important for overall U.S. interests, but also because it serves the interests of every country in the Balkans. It is however, FYROM, that is the intransigent party in this regard, and not Greece. Greece is the biggest investor in FYROM and literally helps to sustain FYROM's precarious economy and reduce its large unemployment.

Unfortunately, the irresponsible decision by the administration in the fall of 2004 to recognize FYROM as the "Republic of Macedonia" has contributed greatly to FYROM's intransigent stand. U.S. actions since 1992 regarding the FYROM name dispute has constituted an American foreign policy blunder which has damaged U.S. interests in the Western Balkans and damaged Greece, our key ally in the Balkans and Eastern Mediterranean **for no sound reason.**

From April 2-4, the Bucharest Summit will convene where NATO's enlargement will be on the agenda. The U.S. supports FYROM's admission to NATO. Greece obviously objects to admission without a resolution to the name issue, and has stated it will use its veto, if necessary, which Greece is within her rights to exercise. The U.S., wanting to avert the veto, can easily turn the situation around by informing FYROM that the U.S. supports the Greek government's major compromise of accepting "a compound name for their country, a name that will distinguish it from both the Greek and Bulgarian" part. The Congress can assist in this process.

**Voice of America Greek Desk Service:** We are very concerned regarding the elimination of Voice of America's Greek Desk Service. We strongly support the continuation of this service and further request that the funding be increased from the current \$250,000 to the amount of 2 years ago which was \$480,000, as part of the Broadcasting Board of Governors, International Broadcasting Operations program.

In addition to helping to facilitate a better understanding and strengthening of relations between two historic allies, Greece and the United States, elimination of the Greek Desk Service would remove a valuable information source that projects the best of American journalistic qualities to a vital region and helps to promote American interests and values.

**Policy Themes:** The policy themes advocated by the AHI since its founding in 1974 and reiterated in successive Greek American Policy Statements regarding Southeastern Europe and the Eastern Mediterranean and their relation to U.S. interests and values are:

- U.S. interests are best served by applying the rule of law in international affairs;
- U.S. foreign policy should foster and embody U.S. values, including human rights;
- The U.S. should have a "special relationship" with Greece, recognizing Greece's strategic location in Southeastern Europe where the U.S. has important political, economic, commercial, and military interests. Greece's proven reliability as a strategic ally, makes Greece a pivotal nation for the advancement of U.S. interests in the region. The naval and air bases at Souda Bay, Crete, are the key bases for the U.S. in the Eastern Mediterranean;
- A Cyprus settlement should not reward aggression, but should be based on democratic norms, UN resolutions, the EU acquis communautaire and the pertinent decisions of the European Commission on Human Rights, the European Court on Human Rights and other European courts. Cyprus should be recognized as an important partner for U.S. strategic interests in the Eastern Mediterranean;
- the U.S. should not apply double standards to Turkey and appeasement of Turkey on the rule of law and aggression and occupation in Cyprus; and
- U.S. interests are best served by supporting ways that will continue to facilitate better relations between Greece and Turkey.

**The Main Problems of Concern to Greek Americans:** A detailed discussion of the issues facing the U.S. in its relations with Greece, Cyprus and Turkey is set forth in the 2008 Greek American Policy Statements, which can be accessed on our AHI website: [www.aheworld.org](http://www.aheworld.org). These issues include: Cyprus, the Aegean Sea, Ecumenical Patriarchate and the Halki Patriarchal School of Theology, and Former Yugoslav Republic of Macedonia (FYROM).

Finally, in the interest of regional stability and dispute resolution, the U.S. should promote Turkey's emergence as a fully democratic state whether or not she enters the EU. This will require fundamental changes in Turkey's governmental institutions, a significant improvement in its human rights record, the settlement of the Cyprus problem on the terms referred to above and publicly acknowledging the existing boundary in the Aegean Sea between Greece and Turkey established by treaties. Past and current U.S. policy has not had this effect and needs to be critically reviewed by the Congress.

I thank you for the opportunity to bring these issues to your attention and for your consideration. Thank you Madame Chairwoman.

March 20, 2008

**Oxfam America Testimony**  
**House Committee on Appropriations Subcommittee on State, Foreign Operations, and**  
**Related Programs for Fiscal Year 2009**  
**Gawain Kripke, Director of Policy and Advocacy**

Oxfam America is an international humanitarian relief and development organization that creates lasting solutions to hunger, poverty and injustice. Right now, forty percent of the world's population – more than 2.5 billion – lives in poverty, struggling to survive on less than \$2 per day. These numbers will increase if we do not take decisive actions towards modernizing the US Foreign Assistance system and address humanitarian crises, rising energy and food prices, agricultural development and the impacts of climate change.

In order for the US to remain a global leader in humanitarianism, development and poverty reduction, Oxfam requests that the House Committee on Appropriations Sub-Committee on State, Foreign Operations and Related Programs (herein referred to as the Sub-committee) for FY09 fund the following: *Millennium Challenge Account at \$2.25 billion; Contribution for International Peacekeeping Activities at \$2.1 billion; Peace Keeping Operations with an additional \$12 billion; double existing resources for the Core Development Accounts; increase development assistance to agriculture by \$220 million; permit up to one-quarter of US food aid in cash; USAID with an amount, additional to existing development assistance, that is equal to the amount necessary to carry out the adaptation to climate change needs identified in the report required by the FY 2008 Act; and not less than \$10 million for an updated evaluation of the specific needs of developing countries in adapting to climate change impacts.*

**Aid Modernization**

Oxfam believes that the structure, laws, strategy and implementation of US foreign assistance need to be modernized to meet the global poverty challenges of the 21<sup>st</sup> century. While reacting to emergency situations will always be critical, we believe foreign aid is most effective when it focuses on long-term poverty reduction as its primary mission. For the US to become a global leader in smart development, it should focus on strengthening responsible and effective states and helping active citizenries to foster equitable economic growth through their own efforts.

The MCC has emerged as an innovative and successful program strategically focused on delivering assistance as well as in giving real ownership to both states and citizenries. The collaborative nature of MCC compacts emphasizes the importance of recipient ownership which helps to reduce countries' reliance on aid. The ability of MCC to commit funding beyond a fiscal year, allows operational agencies and recipient governments to plan, leading to more consistent and sustainable growth. And unlike other development agencies, MCC has no procurement constrictions or "buy America" clause, ultimately strengthening the standing of the US as an effective and principled development partner. Oxfam America believes development strategies that strengthen responsible state ownership and improve the predictability of funding will have a long term impact on poverty. ***By far the most effective arm of the US foreign aid effort is the Millennium Challenge Corporation (MCC), and we strongly support the President's request for \$2.25 billion, less than half of \$5 billion per year that was promised when the MCC was created in 2002.***

March 20, 2008

**Humanitarian Response**

Underpinning all of Oxfam's humanitarian work is the belief that all people have the right to life and security and that all affected by natural disasters or conflict have the right to protection and assistance. As the largest humanitarian donor with substantial influence on global responses to crisis, the United States plays a critical role from prevention to response to post-conflict reconstruction. The Subcommittee thus is uniquely empowered to ensure the United States fulfills its role as a global humanitarian leader. Oxfam America encourages you to help those living in crisis realize their rights by funding the following priorities:

**Contribution for International Peacekeeping Activities (CIPA)** – UN Peacekeeping operations have proven to be effective and cost efficient at reducing conflict and providing security worldwide. The maintenance of peace and security is critical not only so societies can begin to rebuild themselves, but also so relief organizations like Oxfam can have unfettered access to those urgently in need of basic services. While the United States voted at the United Nations Security Council to support all new and existing peacekeeping operations, the administration and Congress have not fully funded these lifesaving missions. The President's budget request for UN peacekeeping (CIPA) is over \$600 million short of meeting the needs of the missions. ***Please fund CIPA at no less than \$2.1 billion for FY 2009.***

**Peacekeeping Operations (PKO)** – Recent events have shown that many troops contributed to the UN-AU Mission in Darfur (UNAMID) lack the necessary training and equipment to fulfill their robust mandate. Congress thankfully provided an additional \$100 million for the Global Peacekeeping Operations Initiative (GPOI) in FY08 to train and equip all peacekeepers deployed to Darfur. While the Administration requested \$106.2 million for GPOI in FY09, these funds are not limited to the Darfur mission and do not include training assistance for new troops rotating in to support UNAMID. Even though equipment has already been provided to UNAMID troops, all new troops still require training in civilian protection, civil-military relations and other related skills. Without adequately trained troops, the mission will likely fail and the people of Darfur will continue to suffer. ***Oxfam America urges you to provide at least an additional \$12 million to support the training of new peacekeepers.***

**Core Humanitarian Accounts** – While Oxfam America does not accept US government funding to implement our life-saving programs, we are nevertheless deeply concerned by the lack of sufficient funding to the core humanitarian accounts in the FY09 Appropriations bill. The request did not meet the demonstrated need for the next fiscal year and actually cuts existing funding levels. These accounts— child survival and health, disaster assistance, international organizations and programs, migration and refugee assistance, and the Office of Transition Initiatives (OTI)— are vital tools the US can use to help provide hope where there may otherwise be none. If adequate funds are not appropriated, both USAID and State Department sources indicate that US government programs for extremely vulnerable populations, such as the volatile Great Lakes region, the Horn of Africa, and Latin America, will be drastically cut below current operating levels. ***Oxfam America recommends a doubling of the request for these core humanitarian accounts, which if delivered effectively can help to strengthen communities and break the cycle between poverty and conflict.***

March 20, 2008

**Agriculture**

Despite compelling evidence of agriculture's critical role in development (including the World Bank's comprehensive World Development Report of 2008: Agriculture for Development and numerous other studies), U.S. development assistance budgets for agriculture continue to decline. This is occurring at a time when global demand for agricultural output is rising, global stocks of grain are at their lowest levels in years, and food prices for people in poor countries have gone up substantially. The U.S. has responded to famine and hardship with food aid as crises have occurred, but the cut in support for agricultural development and economic growth, especially in sub-Saharan Africa will not help solve the long term problem. The decline in the U.S. commitment must be reversed. In FY 05, we provided \$589 million in support to agriculture. The Administration's FY 09 budget proposal cuts that commitment to \$373 million. ***Oxfam America requests an additional \$220 million above the Administration's request (in Development Assistance or ESF funds) to demonstrate our renewed commitment to agriculture as an engine of economic growth and rapid and sustained poverty reduction.***

Oxfam also recognizes the International Fund for Agricultural Development (IFAD) as an effective channel for increasing U.S. support for poverty-reducing agricultural and rural development, particularly for Sub-Saharan Africa. IFAD has maintained a constant presence in the agricultural sector in contrast to other donors drastically reduced support for it, and is therefore well-positioned to immediately help poor farmers improve their livelihoods. Consultations on the Eighth Replenishment of IFAD's resources will take place in 2008. ***Oxfam recommends a doubling of the U.S. contribution to IFAD in light of the need within the agricultural sector, agriculture's contribution to poverty reduction, and IFAD's demonstrated ability to consistently to achieve results.***

**Food Aid**

Globally, more than 820 million people are chronically hungry. At issue is not the lack of food, but the lack of resources—land, tools, or money—necessary to grow or buy food. Right now, the US contributes more than half of all food aid worldwide. But this generosity is undermined by legal restrictions and bureaucracy that create waste, delay, and added expense. As a result of special-interest lobbying, US food aid must be donated in the form of shipments of commodities, even when cash contributions would be more effective. Oxfam is calling on the US Congress to revise existing policies so that the US can contribute food aid as cash and not just in the form of commodities. This would make food aid delivery faster and more efficient, since shipping commodities can take as long as four months. Cash is also cheaper in most cases, allowing relief agencies and national governments to buy less expensive food in local or regional markets, closer to the people who need it.

Unfortunately, the need for food aid is not waning. Economists project that a combination of sustained growth in big countries like China and India and the diversion of food and agriculture resources for biofuels will keep food prices on the rise for the foreseeable future. Food prices, according to the FAO, have increased 40 percent over the past year, reducing the capacity of aid agencies, like USAID and the World Food Program to reach those in need. ***Oxfam urges you to support President Bush's proposal to permit up to one-quarter of the food aid budget to be shifted from commodities to cash.***

March 20, 2008

**Climate Change Adaptation Funding**

As the United Nations Intergovernmental Panel on Climate Change (IPCC) recently concluded, impoverished countries will have the least capacity to cope with increasingly devastating impacts from climate change, including extreme weather events, sea-level rise, drought, disruption of water and food supplies, and impacts on health. Climate change will also increase economic and social instability, migration and refugee crises, and conflict over natural resources. It is quickly becoming a major driver of poverty and instability around the world, but has not yet been given the urgent attention it demands.

The UN Human Development Report recently assessed that developing countries will require more than \$85 billion a year in new funding to cope with climate impacts. While the US cannot fund all of this need, it should provide a significant amount to address this critical issue including but not limited to financing the adaptation needs identified in the report required by the FY08 Appropriations Act and an updated evaluation of the specific needs of developing countries adapting to the impacts of climate change.

The FY08 Department of State, Foreign Operations, and Related Programs Appropriations Act, required the Secretary of State to “convene an interagency committee ... to evaluate the specific needs of developing countries in adapting to climate change impacts.” The FY08 Act also required the Secretary to “submit a report to the Committees on Appropriations not later than September 1, 2008, describing such needs, on a country-by-country and regional basis, and the actions planned and being taken by the United States, including funding provided to developing countries specifically for adaptation to climate change impacts.” ***Oxfam America recommends that the FY 2009 Act provide an amount to USAID, additional to development assistance, equal to the amount that is necessary to fully fund the adaptation needs identified in the report required by the FY 2008 Act.***

Additionally, Oxfam recommends that the Secretary should be required to submit an updated version of the report required in FY08 to be submitted to the Committees on Appropriations not later than September 1, 2009, describing such needs, on a country-by-country and regional basis, and the actions planned and being taken by the United States, including funding provided to developing countries specifically for adaptation to climate change impacts. ***Oxfam requests an additional amount, not less than \$10 million, to fund an updated evaluation of the specific needs of developing countries in adapting to climate change impacts.***

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